NATIONAL RETAIL PROPERTIES, INC.
Form 10-K
February 20, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K
(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 2014
OR
¨TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from to .
Commission file number 001-11290
NATIONAL RETAIL PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	56-1431377 (I.R.S. Employer Identification No.)

450 South Orange Avenue, Suite 900
Orlando, Florida 32801
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code: (407) 265-7348
Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of exchange on which registered:
Common Stock, $0.01 par value	New York Stock Exchange
6.625% Series D Preferred Stock, $0.01 par value	New York Stock Exchange
5.700% Series E Preferred Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:
None
(Title of class)
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ¨ No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of voting common stock held by non-affiliates of the registrant as of June 30, 2014 was $4,578,105,000.

The number of shares of common stock outstanding as of February 12, 2015 was 132,216,969.

DOCUMENTS INCORPORATED BY REFERENCE:

Registrant incorporates by reference into Part III (Items 10, 11, 12, 13 and 14) of this Annual Report on Form 10-K portions of National Retail Properties, Inc.’s definitive Proxy Statement for the 2015 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the “Commission”) pursuant to Regulation 14A. The definitive Proxy Statement will be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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PART I

Unless the context otherwise requires, references in this Annual Report on Form 10-K to the terms “registrant” or “NNN” or the “Company” refer to National Retail Properties, Inc. and all of its consolidated subsidiaries. NNN has elected to treat certain subsidiaries as taxable real estate investment trust subsidiaries. These subsidiaries and their majority owned and controlled subsidiaries are collectively referred to as the “TRS.”

Statements contained in this annual report on Form 10-K, including the documents that are incorporated by reference, that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). Also, when NNN uses any of the words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” or similar expressions, NNN is making forward-lookin statements. Although management believes that the expectations reflected in such forward-looking statements are based upon present expectations and reasonable assumptions, NNN’s actual results could differ materially from those set forth in the forward-looking statements. Certain factors that could cause actual results or events to differ materially from those NNN anticipates or projects are described in “Item 1A. Risk Factors” of this Annual Report on Form 10-K. Given these uncertainties, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this Annual Report on Form 10-K or any document incorporated herein by reference. NNN undertakes no obligation to publicly release any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this Annual Report on Form 10-K.

Item 1. Business

The Company

NNN, a Maryland corporation, is a fully integrated real estate investment trust (“REIT”) formed in 1984. NNN's assets include: real estate assets, mortgages and notes receivable, and commercial mortgage residual interests.

Real Estate Assets

NNN acquires, owns, invests in and develops properties that are leased primarily to retail tenants under long-term net leases and are primarily held for investment (“Properties” or “Property Portfolio,” and each individually, a "Property"). As of December 31, 2014, NNN owned 2,054 Properties with an aggregate gross leasable area of approximately 22,479,000 square feet, located in 47 states, with a weighted average remaining lease term of 12 years. Approximately 99 percent of the Properties were leased as of December 31, 2014.

Competition

NNN generally competes with numerous other REITs, commercial developers, real estate limited partnerships and other investors including but not limited to insurance companies, pension funds and financial institutions that own, manage, finance or develop retail and net leased properties.

Employees

As of January 30, 2015, NNN employed 64 associates.

Other Information

NNN’s executive offices are located at 450 S. Orange Avenue, Suite 900, Orlando, Florida 32801, and its telephone number is (407) 265-7348. NNN has a website at www.nnnreit.com where NNN’s filings with the Securities and Exchange Commission (the “Commission”) can be downloaded free of charge.

The common shares of National Retail Properties, Inc. are traded on the New York Stock Exchange (the “NYSE”) under the ticker symbol “NNN.” The depositary shares, each representing a 1/100th of a share of 6.625% Series D Cumulative Redeemable Preferred Stock, par value $0.01 per share (“Series D Preferred Stock”), of NNN are traded on the NYSE under the ticker symbol “NNNPRD.” The depositary shares, each representing a 1/100th of a share of 5.700% Series E Cumulative Redeemable Preferred Stock, par value $0.01 per share (“Series E Preferred Stock”), of NNN are traded on the NYSE under the ticker symbol “NNNPRE.”

Business Strategies and Policies

The following is a discussion of NNN's operating strategy and certain of its investment, financing and other policies. These strategies and policies have been set by management and the Board of Directors and, in general, may be amended or revised from time to time by management and the Board of Directors without a vote of NNN's stockholders.

Operating Strategies

NNN's strategy is to invest primarily in retail real estate that is typically well located within each local market for its tenants' retail lines of trade. Management believes that these types of properties, generally leased pursuant to triple-net leases, provide attractive opportunities for a stable current return and the potential for increased returns and capital appreciation. Triple-net leases typically require the tenant to pay property operating expenses such as insurance, utilities, repairs, maintenance, capital expenditures and real estate taxes and assessments. Initial lease terms are generally 15 to 20 years.

NNN holds real estate assets until it determines that the sale of such an asset is advantageous in view of NNN's investment objectives. In deciding whether to sell a real estate asset, NNN may consider factors such as potential capital appreciation, net cash flow, tenant credit quality, tenant's line of trade, market lease rates, local market conditions, potential use of sale proceeds and federal income tax considerations.

NNN's management team focuses on certain key indicators to evaluate the financial condition and operating performance of NNN. These key indicators include the composition of the Property Portfolio (such as tenant, geographic and line of trade diversification), the occupancy rate of the Property Portfolio, certain financial performance ratios and profitability measures, industry trends and NNN's performance compared to that of the REIT industry.

The operating strategies employed by NNN have allowed NNN to increase the annual dividend (paid quarterly) per common share for 25 consecutive years, one of only four publicly traded REIT's to do so.

Investment in Real Estate or Interests in Real Estate

NNN's management believes that single tenant, freestanding net lease retail properties will continue to provide attractive investment opportunities and that NNN is well suited to take advantage of these opportunities because of its experience in accessing capital markets, and its ability to source, underwrite and acquire properties.

In evaluating a particular acquisition, management may consider a variety of factors, including:

- the location, visibility and accessibility of the property,
- the geographic area and demographic characteristics of the community, as well as the local real estate market, including potential for growth, market rents, and existing or potential competing properties or retailers,
- the size, age and title status of the property,
- the purchase price,
- the non-financial terms of the proposed acquisition,
- the availability of funds or other consideration for the proposed acquisition and the cost thereof,
- the compatibility of the property with NNN's existing portfolio,
- the quality of construction and design and the current physical condition of the property,
- the property-level operating history,
- the financial and other characteristics of the existing tenant,
- the tenant's business plan, operating history and management team,
- the tenant's industry,
- the terms of any existing leases,
- the rent to be paid by the tenant,
- the potential for, and current extent of, any environmental problems, and
- any existing indebtedness encumbering the property which may be assumed or incurred in connection with acquiring or refinancing these investments.

NNN intends to engage in future investment activities in a manner that is consistent with the maintenance of its status as a REIT for federal income tax purposes. Additionally, NNN does not intend to engage in activities that will make NNN an investment company under the Investment Company Act of 1940, as amended.

Investments in Real Estate Mortgages, Commercial Mortgage Residual Interests, and Securities of or Interests in Persons Engaged in Real Estate Activities

While NNN's primary business objectives emphasize retail properties, NNN may invest in (i) a wide variety of property and tenant types, (ii) leases, mortgages, commercial mortgage residual interests and other types of real estate interests, (iii) loans secured by personal property, (iv) loans secured by partnerships or membership interests in partnerships or limited liability companies, respectively, or (v) securities of other REITs, or other issuers, including for the purpose of exercising control over such entities.

Financing Strategy

NNN's financing objective is to manage its capital structure effectively in order to provide sufficient capital to execute its operating strategies while servicing its debt requirements and providing value to its stockholders. NNN generally utilizes debt and equity security offerings, bank borrowings, the sale of properties, and to a lesser extent, internally generated funds to meet its capital needs.

NNN typically funds its short-term liquidity requirements including investments in additional retail properties with cash from its $650,000,000 unsecured revolving credit facility ("Credit Facility"). As of December 31, 2014, there was no outstanding balance and $650,000,000 was available for future borrowings under the Credit Facility.

As of December 31, 2014, NNN's ratio of total debt to total gross assets (before accumulated depreciation and amortization) was approximately 33 percent and the ratio of secured indebtedness to total gross assets was less than one-percent. The ratio of total debt to total market capitalization was approximately 24 percent. Certain financial agreements contain covenants that limit NNN's ability to incur debt under certain circumstances.

NNN anticipates it will be able to obtain additional financing for short-term and long-term liquidity requirements as further described in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity." However, there can be no assurance that additional financing or capital will be available, or that the terms will be acceptable or advantageous to NNN.

The organizational documents of NNN do not limit the absolute amount or percentage of indebtedness that NNN may incur. Additionally, NNN may change its financing strategy at any time.

Strategies and Policy Changes

Any of NNN's strategies or policies described above may be changed at any time by NNN without notice to or a vote of NNN's stockholders.

Property Portfolio

As of December 31, 2014, NNN owned 2,054 Properties with an aggregate gross leasable area of approximately 22,479,000 square feet, located in 47 states, with a weighted average remaining lease term of 12 years. Approximately 99 percent of total Properties were leased as of December 31, 2014.

The following table summarizes the Property Portfolio as of December 31, 2014 (in thousands):

	Size(1)			Acquisition Cost(2)		
	High	Low	Average	High	Low	Average
Land	2,223	2	98	$8,882	$5	$894
Building	142	1	11	29,373	19	1,717

(1) Approximate square feet.

(2) Costs vary depending upon size, local market conditions and other factors.

As of December 31, 2014, NNN has agreed to fund construction commitments on leased Properties. The improvements are estimated to be completed within 12 months. These construction commitments are outlined in the table below (dollars in thousands):

Number of properties	26
Total commitment[(1)]	$110,081
Amount funded	$57,465
Remaining commitment	$52,616

(1) Includes land, construction costs, tenant improvements and lease costs.

Leases

The following is a summary of the general structure of the leases in the Property Portfolio, although the specific terms of each lease can vary. Generally, the Property leases provide for initial terms of 15 to 20 years. As of December 31, 2014, the weighted average remaining lease term of the Property Portfolio was approximately 12 years. The Properties are generally leased under net leases, pursuant to which the tenant typically bears responsibility for substantially all property costs and expenses associated with ongoing maintenance and operation, including utilities, property taxes and insurance. NNN's leases provide for annual base rental payments (payable in monthly installments) ranging from $1,000 to $2,656,000 (average of $211,000), and generally provide for limited increases in rent as a result of fixed increases, increases in the Consumer Price Index ("CPI"), and/or, to a lesser extent, increases in the tenant's sales volume.

Generally, NNN's leases provide the tenant with one or more multi-year renewal options subject to generally the same terms and conditions provided under the initial lease term. Some of the leases also provide that in the event NNN wishes to sell the Property subject to that lease, NNN first must offer the lessee the right to purchase the Property on the same terms and conditions as any offer which NNN intends to accept for the sale of the Property.

The following table summarizes the lease expirations, assuming none of the tenants exercise renewal options, of the Property Portfolio for each of the next 10 years and then thereafter in the aggregate as of December 31, 2014:

	% of Annual Base Rent[(1)]	# of Properties	Gross Leasable Area[(2)]		% of Annual Base Rent[(1)]	# of Properties	Gross Leasable Area[(2)]
2015	1.2%	30	384,000	2021	4.4%	102	1,005,000
2016	1.5%	31	558,000	2022	6.4%	95	1,171,000
2017	3.2%	49	1,074,000	2023	3.0%	55	946,000
2018	6.9%	182	1,643,000	2024	2.9%	50	771,000
2019	3.4%	74	1,030,000	Thereafter	63.2%	1,236	11,950,000
2020	3.9%	112	1,406,000				

(1) Based on annualized base rent for all leases in place as of December 31, 2014.

(2) Approximate square feet.

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The following table summarizes the diversification of the Property Portfolio based on the top 10 lines of trade:

		% of Annual Base Rent[1]		
	Top 10 Lines of Trade	2014	2013	2012
1.	Convenience stores	18.0%	19.7%	19.8%
2.	Restaurants - full service	9.1%	9.7%	10.7%
3.	Automotive service	7.2%	7.6%	7.6%
4.	Restaurants - limited service	6.5%	5.5%	5.2%
5.	Theaters	5.2%	4.5%	4.7%
6.	Family entertainment centers	5.1%	2.3%	2.1%
7.	Automotive parts	4.7%	5.1%	5.6%
8.	Health and fitness	3.9%	4.3%	3.7%
9.	Banks	3.7%	4.1%	0.2%
10.	Sporting goods	3.5%	3.7%	4.0%
	Other	33.1%	33.5%	36.4%
		100.0%	100.0%	100.0%

[1] Based on annualized base rent for all leases in place as of December 31 of the respective year.

The following table summarizes the diversification of the Property Portfolio by state as of December 31, 2014:

	State	# of Properties	% of Annual Base Rent[1]
1.	Texas	419	20.4%
2.	Florida	168	9.7%
3.	North Carolina	130	5.5%
4.	Illinois	71	5.0%
5.	Georgia	109	4.9%
6.	Virginia	87	4.2%
7.	Indiana	84	4.0%
8.	Ohio	60	3.3%
9.	Pennsylvania	99	3.3%
10.	California	40	3.1%
	Other	787	36.6%
		2,054	100.0%

[1] Based on annualized base rent for all leases in place as of December 31, 2014.

As of December 31, 2014, NNN did not have any tenant that accounted for ten percent or more of its rental income.

Mortgages and Notes Receivable

Mortgages and notes receivable consisted of the following at December 31 (dollars in thousands):

	2014	2013
Mortgages and notes receivable	$10,974	$16,942
Accrued interest receivable	101	177
	$11,075	$17,119

Commercial Mortgage Residual Interests

NNN holds the commercial mortgage residual interests ("Residuals") from seven securitizations. Each of the Residuals is reported at fair value; unrealized gains or losses are reported as other comprehensive income in stockholders' equity, and other than temporary losses as a result of a change in timing or amount of estimated cash flows are recorded as an other than temporary valuation impairment. The Residuals had an estimated fair value of $11,626,000 and $11,721,000 at December 31, 2014 and 2013, respectively.

Governmental Regulations Affecting Properties

Property Environmental Considerations. Subject to a determination of the level of risk and potential cost of remediation, NNN may acquire a property where some level of environmental contamination may exist. Investments in real property create a potential for substantial environmental liability for the owner of such property from the presence or discharge of hazardous materials on the property or the improper disposal of hazardous materials emanating from the property, regardless of fault. In order to mitigate exposure to environmental liability, NNN maintains an environmental insurance policy that covers substantially all of the properties which expires in August 2018. As a part of its acquisition due diligence process, NNN obtains an environmental site assessment for each property. In such cases where NNN intends to acquire real estate where some level of contamination may exist, NNN generally requires the seller or tenant to (i) remediate the problem, (ii) indemnify NNN for environmental liabilities, and/or (iii) agree to other arrangements deemed appropriate by NNN, including, under certain circumstances, the purchase of environmental insurance to address environmental conditions at the property.

As of February 13, 2015, NNN has 69 Properties currently under some level of environmental remediation and/or monitoring. In general, the seller, a previous owner, the tenant or an adjacent land owner is responsible for the cost of the environmental remediation for each of these Properties.

Americans with Disabilities Act of 1990. The Properties, as commercial facilities, are required to comply with Title III of the Americans with Disabilities Act of 1990 and similar state and local laws and regulations (collectively, the "ADA"). Investigation of a property may reveal non-compliance with the ADA. The tenants will typically have primary responsibility for complying with the ADA, but NNN may incur costs if the tenant does not comply. As of February 13, 2015, NNN has not been notified by any governmental authority of, nor is NNN's management aware of, any non-compliance with the ADA that NNN's management believes would have a material adverse effect on its business, financial position or results of operations.

Other Regulations. State and local fire, life-safety and similar entities regulate the use of the Properties. NNN's leases generally require each tenant to undertake primary responsibility for complying with regulations, but failure to comply could result in fines by governmental authorities, awards of damages to private litigants, or restrictions on the ability to conduct business on such properties.

Item 1A. Risk Factors

Carefully consider the following risks and all of the other information set forth in this Annual Report on Form 10-K, including the consolidated financial statements and the notes thereto. If any of the events or developments described below were actually to occur, NNN's business, financial condition or results of operations could be adversely affected.

Financial and economic conditions may have an adverse impact on NNN, its tenants, and commercial real estate in general.

Financial and economic conditions continue to be challenging and volatile and any worsening of such conditions, including any disruption in the capital markets, could adversely affect NNN's business and results of operations and the financial condition of NNN's tenants, developers, borrowers, lenders or the institutions that hold NNN's cash balances and short-term investments, which may expose NNN to increased risks of default by these parties.

There can be no assurance that actions of the United States Government, the Federal Reserve or other government and regulatory bodies intended to stabilize the economy or financial markets will achieve their intended effect. Additionally, some of these actions may adversely affect financial institutions, capital providers, retailers, consumers, NNN's financial condition, NNN's results of operations or the trading price of NNN's shares.

Potential consequences of challenging and volatile financial and economic conditions include:

- the financial condition of NNN's tenants may be adversely affected, which may result in tenant defaults under the leases due to bankruptcy, lack of liquidity, operational failures or for other reasons;
- the ability to borrow on terms and conditions that NNN finds acceptable may be limited or unavailable, which could reduce NNN's ability to pursue acquisition and development opportunities and refinance existing debt, reduce NNN's returns from acquisition and development activities, reduce NNN's ability to make cash distributions to its shareholders and increase NNN's future interest expense;
- the recognition of impairment charges on or reduced values of NNN's Properties, which may adversely affect NNN's results of operations;
- reduced values of the Properties may limit NNN's ability to dispose of assets at attractive prices and reduce the availability of buyer financing; and
- the value and liquidity of NNN's short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold NNN's cash deposits or the institutions or assets in which NNN has made short-term investments, the dislocation of the markets for NNN's short-term investments, increased volatility in market rates for such investments or other factors.

NNN may be unable to obtain debt or equity capital on favorable terms, if at all.

NNN may be unable to obtain capital on favorable terms, if at all, to further its business objectives or meet its existing obligations. Nearly all of NNN's debt, including the Credit Facility, is subject to balloon principal payments due at maturity. These maturities range between 2015 and 2024. NNN's ability to make these scheduled principal payments may be adversely impacted by NNN's inability to extend or refinance the Credit Facility, the inability to dispose of assets at an attractive price or the inability to obtain additional debt or equity capital. Capital that may be available may be materially more expensive or available under terms that are materially more restrictive which would have an adverse impact on NNN's business, financial condition or results of operations.

Tenants loss of revenues could reduce NNN's cash flow.

NNN's tenants encounter significant macroeconomic, governmental and competitive forces. Adverse changes in consumer spending or consumer preferences for particular goods, services or store based retailing or the expansion of e-commerce could severely impact their ability to pay rent. The default, financial distress, bankruptcy or liquidation of one or more of NNN's tenants could cause substantial vacancies in the Property Portfolio. Vacancies reduce NNN's revenues, increase property expenses and could decrease the value of each such vacant Property. Upon the expiration of a lease, the tenant may choose not to renew the lease and/or NNN may not be able to re-lease the vacant Property at a comparable lease rate or without incurring additional expenditures in connection with such renewal or re-leasing.

A significant portion of the source of the Property Portfolio annual base rent is concentrated in specific industry classifications, tenants and in specific geographic locations.

As of December 31, 2014, approximately,

- 46.0% of the Property Portfolio annual base rent is generated from five retail lines of trade, including convenience stores (18.0%) and full-service restaurants (9.1%),
- 22.8% of the Property Portfolio annual base rent is generated from five tenants, including Energy Transfer Partners (Sunoco) (6.5%), Mister Car Wash (4.6%), Pantry (4.0%), 7-Eleven (3.9%) and LA Fitness (3.8%), and
- 45.5% of the Property Portfolio annual base rent is generated from five states, including Texas (20.4%) and Florida (9.7%).

Any financial hardship and/or economic changes in these lines of trade, tenants or states could have an adverse effect on NNN's results of operations.

Owning real estate and indirect interests in real estate carries inherent risks.

NNN's economic performance and the value of its real estate assets are subject to the risk that if the Properties do not generate revenues sufficient to meet its operating expenses, including debt service, NNN's cash flow and ability to pay distributions to its shareholders will be adversely affected. As a real estate company, NNN is susceptible to the following real estate industry risks, which are beyond its control:

- changes in national, regional and local economic conditions and outlook,
- decreases in consumer spending and retail sales or adverse changes in consumer preferences for particular goods, services or store based retailing,
- economic downturns in the areas where the Properties are located,
- adverse changes in local real estate market conditions, such as an oversupply of space, reduction in demand for space, intense competition for tenants, or a demographic change,
- changes in tenant or consumer preferences that reduce the attractiveness of the Properties to tenants,
- changes in zoning, regulatory restrictions, or tax laws, and
- changes in interest rates or availability of financing.

All of these factors could result in decreases in market rental rates and increases in vacancy rates, which could adversely affect NNN's results of operations.

NNN's real estate investments are illiquid.

Because real estate investments are relatively illiquid, NNN's ability to adjust the portfolio promptly in response to economic or other conditions is limited. Certain significant expenditures generally do not change in response to economic or other conditions, including: (i) debt service (if any), (ii) real estate taxes, and (iii) operating and maintenance costs. This combination of variable revenue and relatively fixed expenditures may result, under certain market conditions, in reduced earnings and could have an adverse effect on NNN's financial condition.

Costs of complying with changes in governmental laws and regulations may adversely affect NNN's results of operations.

NNN cannot predict what other laws or regulations will be enacted in the future, how future laws or regulations will be administered or interpreted, or how future laws or regulations will affect NNN or its Properties, including, but not limited to environmental laws and regulations. Compliance with new laws or regulations, or stricter interpretation of existing laws, may require NNN, its retail tenants, or consumers to incur significant expenditures, impose significant liability, restrict or prohibit business activities and could cause a material adverse effect on NNN's results of operation.

NNN may be subject to known or unknown environmental liabilities and hazardous materials on Properties owned by NNN.

There may be known or unknown environmental liabilities associated with properties owned or acquired in the future by NNN. Certain particular uses of some properties may also have a heightened risk of environmental liability because of the hazardous materials used in performing services on those properties, such as convenience stores with underground petroleum storage tanks or auto parts and auto service businesses using petroleum products, paint and machine solvents. Some of the Properties may contain asbestos or asbestos-containing materials, or may contain or may develop mold or other bio-contaminants. Asbestos-containing materials must be handled, managed and removed in accordance with applicable governmental laws, rules and regulations. Mold and other bio-contaminants can produce airborne toxins, may cause a variety of health issues in individuals and must be remediated in accordance with applicable governmental laws, rules and regulations.

As part of its due diligence process, NNN generally obtains an environmental site assessment for each Property it acquires. In cases where NNN intends to acquire real estate where some level of contamination may exist, NNN generally requires the seller or tenant to (i) remediate the contamination in accordance with applicable laws, rules and regulations, (ii) indemnify NNN for environmental liabilities, and/or (iii) agree to other arrangements deemed appropriate by NNN, including, under certain circumstances, the purchase of environmental insurance. Although sellers or tenants may be contractually responsible for remediating hazardous materials on a property and may be responsible for indemnifying NNN for any liability resulting from the use of a property and for any failure to comply with any applicable environmental laws, rules or regulations, NNN has no assurance that sellers or tenants shall be able to meet their remediation and indemnity obligations to NNN. A tenant or seller may not have the financial ability to meet its remediation and indemnity obligations to NNN when required. Furthermore, NNN may have strict liability to governmental agencies or third parties as a result of the existence of hazardous materials on Properties, whether or not NNN knew about or caused such hazardous materials to exist.

As of February 13, 2015, NNN has 69 Properties currently under some level of environmental remediation and/or monitoring. In general, the seller, a previous owner, the tenant or an adjacent land owner is responsible for the cost of the environmental remediation for each of these Properties.

If NNN is responsible for hazardous materials located on its properties, NNN's liability may include investigation and remediation costs, property damage to third parties, personal injury to third parties, and governmental fines and penalties. Furthermore, the presence of hazardous materials on a property may adversely impact the property value or NNN's ability to sell the property. Significant environmental liability could impact NNN's results of operations, ability to make distributions to shareholders, and its ability to meet its debt obligations.

In order to mitigate exposure to environmental liability, NNN maintains an environmental insurance policy that covers substantially all of its Properties which expires in August 2018. However, the policy is subject to exclusions and limitations and does not cover all of the Properties owned by NNN, and for those Properties covered under the policy, insurance may not fully compensate NNN for any environmental liability. NNN has no assurance that the insurer on its environmental insurance policy will be able to meet its obligations under the policy. NNN may not desire to renew the environmental insurance policy in place upon expiration or a replacement policy may not be available at a reasonable cost, if at all.

NNN may not be able to successfully execute its acquisition or development strategies.

NNN may not be able to implement its investment strategies successfully. Additionally, NNN cannot assure that its Property Portfolio will expand at all, or if it will expand at any specified rate or to any specified size. In addition, investment in additional real estate assets is subject to a number of risks. Because NNN expects to invest in markets other than the ones in which its current Properties are located or properties which may be leased to tenants other than those to which NNN has historically leased properties, NNN will also be subject to the risks associated with investment in new markets or with new tenants that may be relatively unfamiliar to NNN's management team.

NNN's development activities are subject to, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks from factors beyond NNN's control, such as weather or labor conditions or material shortages), the risk of finding tenants for the properties and the ability to obtain both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken or provide a tenant the opportunity to reduce rent or terminate a lease. Any of these situations may delay or eliminate proceeds or cash flows NNN expects from these projects, which could have an adverse effect on NNN's financial condition.

NNN may not be able to dispose of properties consistent with its operating strategy.

NNN may be unable to sell properties targeted for disposition due to adverse market conditions. This may adversely affect, among other things, NNN's ability to sell under favorable terms, execute its operating strategy, achieve target earnings or returns, retire or repay debt or pay dividends.

A change in the assumptions used to determine the value of commercial mortgage residual interests could adversely affect NNN's financial position.

As of December 31, 2014, the Residuals had a carrying value of $11,626,000. The value of these Residuals is based on assumptions to determine their fair value. These assumptions include, but are not limited to, discount rate, loan loss, prepayment speed and interest rate assumptions to determine their fair value. If actual experience differs materially from these assumptions, the actual future cash flow could be less than expected and the value of the Residuals, as well as NNN's earnings, could decline.

NNN may suffer a loss in the event of a default or bankruptcy of a borrower.

As of December 31, 2014, mortgages and notes receivables had an outstanding principal balance of $10,974,000. If a borrower defaults on a mortgage or other loan made by NNN, and does not have sufficient assets to satisfy the loan, NNN may suffer a loss of principal and interest. In the event of the bankruptcy of a borrower, NNN may not be able to recover against all or any of the assets of the borrower, or the collateral may not be sufficient to satisfy the balance due on the loan. In addition, certain of NNN's loans may be subordinate to other debt of a borrower. These investments are typically loans secured by a borrower's pledge of its ownership interests in the entity that owns the real estate or other assets and are typically subordinated to senior loans encumbering the underlying real estate or assets. Subordinated positions are generally subject to a higher risk of nonpayment of principal and interest than the more senior loans. If a borrower defaults on the debt senior to NNN’s loan, or in the event of the bankruptcy of a borrower, NNN’s loan will be satisfied only after the borrower’s senior creditors’ claims are satisfied. Where debt senior to NNN’s loans exists, the presence of intercreditor arrangements may limit NNN’s ability to amend loan documents, assign the loans, accept prepayments, exercise remedies and control decisions made in bankruptcy proceedings relating to borrowers. Bankruptcy proceedings and litigation can significantly increase the time needed for NNN to acquire underlying collateral, if any, in the event of a default, during which time the collateral may decline in value. In addition, there are significant costs and delays associated with the foreclosure process.

Certain provisions of NNN’s leases or loan agreements may be unenforceable.

NNN’s rights and obligations with respect to its leases, mortgage loans or other loans are governed by written agreements. A court could determine that one or more provisions of such an agreement are unenforceable, such as a particular remedy, a loan prepayment provision or a provision governing NNN’s security interest in the underlying collateral of a borrower or lessee. NNN could be adversely impacted if this were to happen with respect to an asset or group of assets.

Property ownership through joint ventures and partnerships could limit NNN’s control of those investments.

Joint ventures or partnerships involve risks not otherwise present for direct investments by NNN. It is possible that NNN’s co-venturers or partners may have different interests or goals than NNN at any time and they may take actions contrary to NNN’s requests, policies or objectives, including NNN’s policy with respect to maintaining its qualification as a REIT. Other risks of joint venture or partnership investments include impasses on decisions because in some instances no single co-venturer or partner has full control over the joint venture or partnership, respectively, or the co-venturer or partner may become insolvent, bankrupt or otherwise unable to contribute to the joint venture or partnership, respectively. Further, disputes may develop with a co-venturer or partner over decisions affecting the property, joint venture or partnership that may result in litigation, arbitration or some other form of dispute resolution.

Competition from numerous other REITs, commercial developers, real estate limited partnerships and other investors may impede NNN’s ability to grow.

NNN may not complete suitable property acquisitions or developments on advantageous terms, if at all, due to competition for such properties with others engaged in real estate investment activities or lack of properties for sale on terms deemed acceptable to NNN. NNN’s inability to successfully acquire or develop new properties may affect NNN’s ability to achieve anticipated return on investment or realize its investment strategy, which could have an adverse effect on its results of operations.

NNN's loss of key management personnel could adversely affect performance and the value of its common stock.

NNN is dependent on the efforts of its key management. Competition for senior management personnel can be intense and NNN may not be able to retain its key management. Although NNN believes qualified replacements could be found for any departures of key management, the loss of their services could adversely affect NNN's performance and the value of its common stock.

Uninsured losses may adversely affect NNN’s operating results and asset values.

The Properties are generally covered by comprehensive liability, fire, and extended insurance coverage. NNN believes that the insurance carried on its properties is adequate and in accordance with industry standards. There are, however, types of losses (such as from hurricanes, earthquakes or other types of natural disasters or wars or other acts of violence) which may be uninsurable, or the cost of insuring against these losses may not be economically justifiable. If an uninsured loss occurs or a loss exceeds policy limits, NNN could lose both its invested capital and anticipated revenues from the property, thereby reducing NNN’s cash flow and asset value.

Acts of violence, terrorist attacks or war may affect the markets in which NNN operates and NNN's results of operations.

Terrorist attacks or other acts of violence may negatively affect NNN's operations. There can be no assurance that there will not be terrorist attacks against businesses within the United States. These attacks may directly or indirectly impact NNN's physical facilities or the businesses or the financial condition of its tenants, developers, borrowers, lenders or financial institutions with which NNN has a relationship. The United States is engaged in armed conflict, which could have an impact on these parties. The consequences of armed conflict are unpredictable, and NNN may not be able to foresee events that could have an adverse effect on its business or be insured for such.

More generally, any of these events or threats of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economies. They also could result in, or cause a deepening of, economic recession in the United States or abroad. Any of these occurrences could have an adverse impact on NNN's financial condition or results of operations.

Vacant properties or bankrupt tenants could adversely affect NNN's business or financial condition.

As of December 31, 2014, NNN owned 29 vacant, un-leased Properties, which accounted for approximately one percent of total Properties. NNN is actively marketing these properties for sale or lease but may not be able to sell or lease these properties on favorable terms or at all. The lost revenues and increased property expenses resulting from the rejection by any bankrupt tenant of any of their respective leases with NNN could have a material adverse effect on the liquidity and results of operations of NNN if NNN is unable to re-lease the Properties at comparable rental rates and in a timely manner. As of February 13, 2015, less than one percent of the total gross leasable area of the Property Portfolio was leased to tenants that have filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code and have the right to reject or affirm their leases with NNN.

The amount of debt NNN has and the restrictions imposed by that debt could adversely affect NNN's business and financial condition.

As of December 31, 2014, NNN had outstanding debt including mortgages payable of $26,339,000, total unsecured notes payable of $1,714,715,000 and zero outstanding on the Credit Facility. NNN's organizational documents do not limit the level or amount of debt that it may incur. If NNN incurs additional indebtedness and permits a higher degree of leverage, debt service requirements would increase and could adversely affect NNN's financial condition and results of operations, as well as NNN's ability to pay principal and interest on the outstanding indebtedness or cash dividends to its stockholders. In addition, increased leverage could increase the risk that NNN may default on its debt obligations.

The amount of debt outstanding at any time could have important consequences to NNN's stockholders. For example, it could:

- require NNN to dedicate a substantial portion of its cash flow from operations to payments on its debt, thereby reducing funds available for operations, real estate investments and other business opportunities that may arise in the future,
- increase NNN's vulnerability to general adverse economic and industry conditions,
- limit NNN's ability to obtain any additional financing it may need in the future for working capital, debt refinancing, capital expenditures, real estate investments, development or other general corporate purposes,
- make it difficult to satisfy NNN's debt service requirements,
- limit NNN's ability to pay dividends in cash on its outstanding common and preferred stock,
- limit NNN's flexibility in planning for, or reacting to, changes in its business and the factors that affect the profitability of its business, and
- limit NNN's flexibility in conducting its business, which may place NNN at a disadvantage compared to competitors with less debt or debt with less restrictive terms.

NNN's ability to make scheduled payments of principal or interest on its debt, or to retire or refinance such debt will depend primarily on its future performance, which to a certain extent is subject to the creditworthiness of its tenants, competition, and economic, financial, and other factors beyond its control. There can be no assurance that NNN's business will continue to generate sufficient cash flow from operations in the future to service its debt or meet its other cash needs. If NNN is unable to generate sufficient cash flow from its business, it may be required to refinance all or a portion of its existing debt, sell assets or obtain additional financing to meet its debt obligations and other cash needs.

NNN cannot assure stockholders that any such refinancing, sale of assets or additional financing would be possible or, if possible, on terms and conditions, including but not limited to the interest rate, which NNN would find acceptable or would not result in a material decline in earnings.

NNN is obligated to comply with financial and other covenants in its debt instruments that could restrict its operating activities, and the failure to comply with such covenants could result in defaults that accelerate the payment of such debt.

As of December 31, 2014, NNN had approximately $1,741,054,000 of outstanding indebtedness, of which approximately $26,339,000 was secured indebtedness. NNN's unsecured debt instruments contain various restrictive covenants which include, among others, provisions restricting NNN's ability to:

- incur or guarantee additional debt,
- make certain distributions, investments and other restricted payments,
- enter into transactions with certain affiliates,
- create certain liens,
- consolidate, merge or sell NNN's assets, and
- pre-pay debt.

NNN's secured debt instruments generally contain customary covenants, including, among others, provisions:

- requiring the maintenance of the property securing the debt,
- restricting its ability to sell, assign or further encumber the properties securing the debt,
- restricting its ability to incur additional debt on the property securing the debt,
- restricting its ability to amend or modify existing leases on the property securing the debt, and
- establishing certain prepayment restrictions.

In addition, NNN's debt instruments may contain cross-default provisions, in which case a default of NNN under one debt instrument will be a default of NNN under multiple or all debt instruments of NNN.

NNN's ability to meet some of its debt covenants, including covenants related to the condition of the property or payment of real estate taxes, may be dependent on the performance by NNN's tenants under their leases.

In addition, certain covenants in NNN's debt instruments, including its Credit Facility, require NNN, among other things, to:

- limit certain leverage ratios,
- maintain certain minimum interest and debt service coverage ratios, and
- limit investments in certain types of assets.

NNN's failure to comply with certain of its debt covenants could result in defaults that accelerate the payment under such debt and limit the dividends paid to NNN's common and preferred stockholders which would likely have a material adverse impact on NNN's financial condition and results of operations. In addition, these defaults could impair its access to the debt and equity markets.

The market value of NNN's equity and debt securities is subject to various factors that may cause significant fluctuations or volatility.

As with other publicly traded securities, the market price of NNN's equity and debt securities depends on various factors, which may change from time-to-time and/or may be unrelated to NNN's financial condition, operating performance or prospects that may cause significant fluctuations or volatility in such prices. These factors, among others, include:

- general economic and financial market conditions,
- level and trend of interest rates,
- NNN's ability to access the capital markets to raise additional capital,
- the issuance of additional equity or debt securities,
- changes in NNN's funds from operations or earnings estimates,
- changes in NNN's debt ratings or analyst ratings,
- NNN's financial condition and performance,
- market perception of NNN compared to other REITs, and
- market perception of REITs compared to other investment sectors.

NNN's failure to qualify as a REIT for federal income tax purposes could result in significant tax liability.

NNN intends to operate in a manner that will allow NNN to continue to qualify as a REIT. NNN believes it has been organized as, and its past and present operations qualify NNN as a REIT. However, the Internal Revenue Service ("IRS") could successfully assert that NNN is not qualified as such. In addition, NNN may not remain qualified as a REIT in the future. Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, as amended (the "Code") for which there are only limited judicial or administrative interpretations and involves the determination of various factual matters and circumstances not entirely within NNN's control. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for NNN to qualify as a REIT or avoid significant tax liability.

If NNN fails to qualify as a REIT, it would not be allowed a deduction for dividends paid to stockholders in computing taxable income and would become subject to federal income tax at regular corporate rates. In this event, NNN could be subject to potentially significant tax liabilities and penalties. Unless entitled to relief under certain statutory provisions, NNN would also be disqualified from treatment as a REIT for the four taxable years following the year during which the qualification was lost.

Even if NNN remains qualified as a REIT, NNN faces other tax liabilities that reduce operating results and cash flow.

Even if NNN remains qualified for taxation as a REIT, NNN is subject to certain federal, state and local taxes on its income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. Any of these taxes would decrease earnings and cash available for distribution to stockholders. In addition, in order to meet the REIT qualification requirements, NNN holds some of its assets through the TRS.

Adverse legislative or regulatory tax changes could reduce NNN's earnings, cash flow and market price of NNN's common stock.

At any time, the federal and state income tax laws governing REITs or the administrative interpretations of those laws may change. Any such changes may have retroactive effect, and could adversely affect NNN or its stockholders. Legislation could cause shares in non-REIT corporations to be a more attractive investment to individual investors than shares in REITs, and could have an adverse effect on the value of NNN's common stock.

Compliance with REIT requirements, including distribution requirements, may limit NNN's flexibility and negatively affect NNN's operating decisions.

To maintain its status as a REIT for U.S. federal income tax purposes, NNN must meet certain requirements on an on-going basis, including requirements regarding its sources of income, the nature and diversification of its assets, the amounts NNN distributes to its stockholders and the ownership of its shares. NNN may also be required to make distributions to its stockholders when it does not have funds readily available for distribution or at times when NNN's funds are otherwise needed to fund expenditures or debt service requirements. NNN generally will not be subject to federal income taxes on amounts distributed to stockholders, so long as it distributes 100 percent of its REIT taxable income and meets certain other requirements for qualifying as a REIT. For each of the years in the three-year period ended December 31, 2014, NNN believes it has qualified as a REIT. Notwithstanding NNN's qualification for taxation as a REIT, NNN is subject to certain state taxes on its income and real estate.

Changes in accounting pronouncements could adversely impact NNN's or NNN's tenants' reported financial performance.

Accounting policies and methods are fundamental to how NNN records and reports its financial condition and results of operations. From time to time the Financial Accounting Standards Board ("FASB") and the Commission, who create and interpret appropriate accounting standards, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of NNN's financial statements. These changes could have a material impact on NNN's reported financial condition and results of operations. In some cases, NNN could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. Similarly, these changes could have a material impact on NNN's tenants' reported financial condition or results of operations and affect their preferences regarding leasing real estate.

NNN’s failure to maintain effective internal control over financial reporting could have a material adverse effect on its business, operating results and share price.

Section 404 of the Sarbanes-Oxley Act of 2002 requires annual management assessments of the effectiveness of the Company’s internal control over financial reporting. If NNN fails to maintain the adequacy of its internal control over financial reporting, as such standards may be modified, supplemented or amended from time to time, NNN may not be able to ensure that it can conclude on an ongoing basis that it has effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Moreover, effective internal control over financial reporting, particularly those related to revenue recognition, are necessary for NNN to produce reliable financial reports and to maintain its qualification as a REIT and are important in helping to prevent financial fraud. If NNN cannot provide reliable financial reports or prevent fraud, its business and operating results could be harmed, REIT qualification could be jeopardized, investors could lose confidence in the Company’s reported financial information, impair the company's access to capital, and the trading price of NNN’s shares could drop significantly.

NNN’s ability to pay dividends in the future is subject to many factors.

NNN’s ability to pay dividends may be impaired if any of the risks described in this section were to occur. In addition, payment of NNN’s dividends depends upon NNN’s earnings, financial condition, maintenance of NNN’s REIT status and other factors as NNN’s Board of Directors may deem relevant from time to time.

Cybersecurity risks and cyber incidents could adversely affect NNN's business and disrupt operations and expose NNN to liabilities to tenants, employees, capital providers, and other third parties.

Cyber incidents can result from deliberate attacks or unintentional events. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. The result of these incidents could include, but are not limited to, disrupted operations, misstated financial data, liability for stolen assets or information, increased cybersecurity protection costs, litigation and reputational damage adversely affecting customer or investor confidence. These cyber incidents could negatively impact NNN, NNN's tenants and/or the capital markets.

Future investment in international markets could subject NNN to additional risks.

If NNN expands its operating strategy to include investment in international markets, NNN could face additional risks, including foreign currency exchange rate fluctuations, operational risks due to local economic and political conditions and laws and policies of the U.S. affecting foreign investment.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Please refer to Item 1. “Business.”

Item 3. Legal Proceedings

In the ordinary course of its business, NNN is a party to various legal actions that management believes are routine in nature and incidental to the operation of the business of NNN. Management believes that the outcome of these proceedings will not have a material adverse effect upon its operations, financial condition or liquidity.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The common stock of NNN currently is traded on the NYSE under the symbol “NNN.” Set forth below is a line graph comparing the cumulative total stockholder return on NNN’s common stock, based on the market price of the common stock and assuming reinvestment of dividends, with the FTSE National Association of Real Estate Investment Trusts Equity Index (“NAREIT”) and the S&P 500 Index (“S&P”) for the five year period commencing December 31, 2009 and ending December 31, 2014. The graph assumes an investment of $100 on December 31, 2009.

Comparison to Five-Year Cumulative Total Return
Indexed Total Return
(As of December 31, 2014)

Set forth below is a line graph comparing the cumulative total stockholder return on NNN's common stock, based on the market price of the common stock and assuming reinvestment of dividends, with the FTSE National Association of Real Estate Investment Trusts Equity Index ("NAREIT") and the S&P 500 Index ("S&P") for the fifteen year period commencing December 31, 1999 and ending December 31, 2014. The graph assumes an investment of $100 on December 31, 1999.

Comparison to Fifteen-Year Cumulative Total Return
Indexed Total Return
(As of December 31, 2014)

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For each calendar quarter and year indicated, the following table reflects respective high, low and closing sales prices for the common stock as quoted by the NYSE and the dividends paid per share in each such period.

2014	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
High	$36.35	$37.65	$38.04	$40.49	$40.49
Low	30.08	32.94	34.34	34.42	30.08
Close	34.32	37.19	34.57	39.37	39.37
Dividends paid per share	0.405	0.405	0.420	0.420	1.650
2013					
High	$36.18	$41.98	$37.74	$35.51	$41.98
Low	31.43	31.31	30.06	30.01	30.01
Close	36.17	34.40	31.82	30.33	30.33
Dividends paid per share	0.395	0.395	0.405	0.405	1.600

The following table presents the characterizations for tax purposes of such common stock dividends for the years ended December 31:

	2014			2013		
Ordinary dividends	$1.306992	79.2116	%	$1.224568	76.5355	%
Qualified dividends	0.006212	0.3765	%	0.056784	3.5490	%
Capital gain	0.008603	0.5214	%	—	—	
Unrecaptured Section 1250 Gain	0.015362	0.9310	%	0.000650	0.0406	%
Nontaxable distributions	0.312831	18.9595	%	0.317998	19.8749	%
	$1.650000	100.0000	%	$1.600000	100.0000	%

NNN intends to pay regular quarterly dividends to its stockholders, although all future distributions will be declared and paid at the discretion of the Board of Directors and will depend upon cash generated by operating activities, NNN’s financial condition, capital requirements, annual distribution requirements under the REIT provisions of the Code and such other factors as the Board of Directors deems relevant.

In February 2015, NNN paid dividends to its stockholders of $55,314,000, or $0.42 per share, of common stock.

On January 30, 2015, there were 1,852 stockholders of record of NNN's common stock.

In February 2015, NNN declared a dividend on its Series D and E Preferred Stock of 41.40625 and 35.62500 cents per depositary share, respectively, payable March 16, 2015.

Item 6. Selected Financial Data
Historical Financial Highlights
(dollars in thousands, except per share data)

	2014	2013	2012	2011	2010
Gross revenues[1]	$435,248	$397,006	$342,059	$271,696	$237,062
Earnings from continuing operations	179,777	154,006	132,388	84,463	64,231
Earnings including noncontrolling interests	191,170	160,085	141,937	92,416	73,353
Net earnings attributable to NNN	190,601	160,145	142,015	92,325	72,997
Total assets	4,926,714	4,454,523	3,988,026	3,435,043	2,713,575
Total debt	1,741,054	1,570,059	1,586,964	1,339,109	1,133,685
Total stockholders' equity	3,082,515	2,777,045	2,296,285	2,002,498	1,527,483
Cash dividends declared to:					
Common stockholders	204,157	189,107	167,495	133,720	125,391
Series C preferred stockholders	—	—	1,979	6,785	6,785
Series D preferred stockholders	19,047	19,047	15,449	—	—
Series E preferred stockholders	16,387	8,876	—	—	—
Weighted average common shares:					
Basic	124,257,558	118,204,148	106,965,156	88,100,076	82,715,645
Diluted	124,710,226	119,864,824	109,117,515	88,837,057	82,849,362
Per share information:					
Earnings from continuing operations:					
Basic	$1.24	$1.06	$1.04	$0.88	$0.69
Diluted	1.24	1.05	1.02	0.87	0.69
Net earnings:					
Basic	1.24	1.11	1.13	0.96	0.80
Diluted	1.24	1.10	1.11	0.96	0.80
Cash dividends declared to:					
Common stockholders	1.65	1.60	1.56	1.53	1.51
Series C preferred depositary stockholders	—	—	0.537760	1.843750	1.843750
Series D preferred depositary stockholders	1.656250	1.656250	1.343403	—	—
Series E preferred depositary stockholders	1.425000	0.771875	—	—	—
Other data:					
Cash flows provided by (used in):					
Operating activities	$296,733	$274,421	$228,130	$177,728	$187,914
Investing activities	(541,558)	(568,040)	(601,759)	(752,068)	(220,260)
Financing activities	253,944	293,028	373,623	574,374	19,169
Funds from operations – available to common stockholders[2]	260,977	229,518	193,682	139,834	108,625

(1) Gross revenues include revenues from NNN's continuing and discontinued operations. Prior to January 1, 2014, in accordance with FASB guidance on Accounting for the Impairment or Disposal of Long-Lived Assets, NNN classified the revenues related to (i) all Properties which generated revenue that were sold and a leasehold interest which expired and (ii) all Properties which generated revenue and were held for sale at December 31, 2013, as discontinued operations. Effective January 1, 2014, NNN has early adopted ASU 2014-08. Therefore, only disposals representing a strategic shift in operations are to be presented as discontinued operations. This requires the Company to continue to classify any Property disposal or Property classified as held for sale as of December

31, 2013, as discontinued operations prospectively.

(2) The National Association of Real Estate Investment Trusts ("NAREIT") developed Funds from Operations ("FFO") as a relative non-GAAP financial measure of performance of a REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under U.S. generally accepted accounting principles ("GAAP"). FFO is defined by NAREIT and is used by NNN as follows: net earnings (computed in accordance with GAAP) plus depreciation and amortization of real estate assets,

excluding gains (or including losses) on the disposition of certain assets, any impairment charges on a depreciable real estate asset and NNN's share of these items from NNN's unconsolidated partnerships and joint ventures.

Funds From Operations (FFO) Reconciliation

FFO is generally considered by industry analysts to be an appropriate measure of operating performance of real estate companies. FFO does not necessarily represent cash provided by operating activities in accordance with GAAP and should not be considered an alternative to net income as an indication of NNN's operating performance or to cash flow as a measure of liquidity or ability to make distributions. Management considers FFO an appropriate measure of operating performance of an equity REIT because it primarily excludes the assumption that the value of the real estate assets diminishes
predictably over time, and because industry analysts have accepted it as an operating performance measure. NNN's computation of FFO may differ from the methodology for calculating FFO used by other equity REITs, and therefore, may not be comparable to such other REITs.

The following table reconciles FFO to the most directly comparable GAAP measure, net earnings for the years ended December 31:

	2014	2013	2012	2011	2010
Reconciliation of funds from operations:					
Net earnings attributable to NNN's stockholders	$190,601	$160,145	$142,015	$92,325	$72,997
Series C preferred stock dividends	—	—	(1,979)	(6,785)	(6,785)
Series D preferred stock dividends	(19,047)	(19,047)	(15,449)	—	—
Series E preferred stock dividends	(16,387)	(8,876)	—	—	—
Excess of redemption value over carrying value of Series C preferred shares redeemed	—	—	(3,098)	—	—
Net earnings available to common stockholders	155,167	132,222	121,489	85,540	66,212
Real estate depreciation and amortization:					
Continuing operations	115,888	99,048	73,685	52,270	41,680
Discontinued operations	3	343	1,381	1,866	2,129
Joint venture real estate depreciation	—	—	112	176	178
Joint venture gain on disposition of real estate	—	—	(2,341)	—	—
Gain on disposition of real estate, net of tax and noncontrolling interest	(10,904)	(5,442)	(10,956)	(449)	(1,574)
Impairment losses – real estate	823	3,347	10,312	431	—
FFO available to common stockholders	$260,977	$229,518	$193,682	$139,834	$108,625

For a discussion of material events affecting the comparability of the information reflected in the selected financial data, refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations
The following discussion and analysis should be read in conjunction with “Item 6. Selected Financial Data,” and the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K, and the forward-looking disclaimer language in italics before “Item 1. Business.”
The term “NNN” or the “Company” refers to National Retail Properties, Inc. and all of its consolidated subsidiaries. NNN has elected to treat certain subsidiaries as taxable real estate investment trust subsidiaries. These subsidiaries and their majority owned and controlled subsidiaries are collectively referred to as the “TRS.”
Overview
NNN, a Maryland corporation, is a fully integrated real estate investment trust (“REIT”) formed in 1984. NNN's assets include: real estate assets, mortgages and notes receivable, and commercial mortgage residual interests. NNN acquires, owns, invests in and develops properties that are leased primarily to retail tenants under long-term net leases and primarily held for investment (“Properties” or “Property Portfolio,” or each individually, a "Property").
As of December 31, 2014, NNN owned 2,054 Properties, with an aggregate gross leasable area of approximately 22,479,000 square feet, located in 47 states, with a weighted average remaining lease term of 12 years. Approximately 99 percent of the Properties were leased as of December 31, 2014.
NNN’s management team focuses on certain key indicators to evaluate the financial condition and operating performance of NNN. The key indicators for NNN include items such as: the composition of the Property Portfolio (such as tenant, geographic and line of trade diversification), the occupancy rate of the Property Portfolio, certain financial performance ratios and profitability measures, and industry trends and performance compared to that of NNN.
NNN reviews the creditworthiness of its current and prospective tenants. This evaluation includes reviewing available financial statements, press releases, public credit ratings from major credit rating agencies, industry news publications, financial market data (debt and equity pricing), and developing a thorough understanding of the tenant's business and operations, including periodically meeting with senior management of certain tenants.
NNN continues to maintain its diversification by tenant, geography and tenant’s line of trade. NNN’s highest lines of trade concentrations are the convenience store and restaurant (including full and limited service) sectors. These sectors represent a large part of the freestanding retail property marketplace and NNN’s management believes these sectors present attractive investment opportunities. The Property Portfolio is geographically concentrated in the south and southeast United States, which are regions of historically above-average population growth. Given these concentrations, any financial hardship within these sectors or geographic locations, respectively, could have a material adverse effect on the financial condition and operating performance of NNN.
As of the years ended December 31, 2014, 2013 and 2012, the Property Portfolio has remained at least 98 percent leased. The average remaining lease term of the Property Portfolio was 12 years, and has remained fairly constant over the past three years which, coupled with its net lease structure, provides enhanced probability of maintaining occupancy and operating earnings.

Critical Accounting Policies and Estimates
The preparation of NNN’s consolidated financial statements in conformance with accounting principles generally accepted in the United States of America requires management to make estimates on assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as other disclosures in the financial statements. On an ongoing basis, management evaluates its estimates and assumptions; however, actual results may differ from these estimates and assumptions, which in turn could have a material impact on NNN’s financial statements. A summary of NNN’s accounting policies and procedures are included in Note 1 of NNN’s consolidated financial statements. Management believes the following critical accounting policies, among others, affect its more significant estimates and assumptions used in the preparation of NNN’s consolidated financial statements.
Real Estate Portfolio. NNN records the acquisition of real estate at cost, including acquisition and closing costs. The cost of properties developed or funded by NNN includes direct and indirect costs of construction, property taxes, interest and other miscellaneous costs incurred during the development period until the project is substantially complete and available for occupancy.

Purchase Accounting for Acquisition of Real Estate Subject to a Lease. In accordance with the Financial Accounting Standards Board ("FASB") guidance on business combinations, the fair value of the real estate acquired with in-place leases is allocated to the acquired tangible assets, consisting of land, building and tenant improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, value of in-place leases, and based in each case on their fair values. Acquisition and closing costs incurred on the acquisition of real estate with an in-place lease is expensed as incurred and recorded as real estate acquisition costs.

Impairment – Real Estate. Based upon certain events or changes in circumstances, management periodically assesses its Properties for possible impairment whenever the carrying value of the asset, including accrued rental income, may not be recoverable through operations. Events or circumstances that may occur include significant changes in real estate market conditions or the ability of NNN to re-lease or sell properties that are vacant or become vacant. Management determines whether an impairment in value has occurred by comparing the estimated future cash flows (undiscounted and without interest charges), including the residual value of the real estate, with the carrying value of the individual asset. If an impairment is indicated, a loss will be recorded for the amount by which the carrying value of the asset exceeds its estimated fair value. Real estate held for sale is not depreciated and is recorded at the lower of cost or fair value, less costs to sell.

Commercial Mortgage Residual Interests, at Fair Value. Commercial mortgage residual interests, classified as available for sale, are reported at their market values with unrealized gains and losses reported as other comprehensive income in stockholders' equity. NNN recognizes the excess of all cash flows attributable to the commercial mortgage residual interests estimated at the acquisition/transaction date over the initial investment (the accretable yield) as interest income over the life of the beneficial interest using the effective yield method. Losses are considered other than temporary valuation impairments if and when there has been a change in the timing or amount of estimated cash flows, exclusive of changes in interest rates, that leads to a loss in value.

Revenue Recognition. Rental revenues for properties under construction commence upon completion of construction of the leased asset and delivery of the leased asset to the tenant. Rental revenues for non-development real estate assets are recognized when earned in accordance with the FASB guidance on accounting for leases, based on the terms of the lease of the leased asset.

NNN's real estate is generally leased to tenants on a net lease basis, whereby the tenant is responsible for all operating expenses relating to the Property, generally including property taxes, insurance, maintenance, utilities, repairs and capital expenditures. The leases are accounted for using either the operating or the direct financing method. Such methods are described below:

Operating method – Properties with leases accounted for using the operating method are recorded at the cost of the real estate. Revenue is recognized as rentals are earned and expenses (including depreciation) are charged to operations as incurred. Buildings are depreciated on the straight-line method over their estimated useful lives. Leasehold interests are amortized on the straight-line method over the terms of their respective leases. When scheduled rental revenue varies during the lease term, income is recognized on a straight-line basis so as to produce a constant periodic rent over the term of the lease. Accrued rental income is the aggregate difference between the scheduled rents which vary during the lease term and the income recognized on a straight-line basis.

Direct financing method – Properties with leases accounted for using the direct financing method are recorded at their net investment (which at the inception of the lease generally represents the cost of the Property). Unearned income is deferred and amortized into income over the lease terms so as to produce a constant periodic rate of return on NNN's net investment in the leases.

New Accounting Pronouncements. Refer to Note 1 of the December 31, 2014, Consolidated Financial Statements.

Use of Estimates. Additional critical accounting policies of NNN include management's estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Additional critical accounting policies include management's estimates of the useful lives used in calculating depreciation expense relating to real estate assets, the recoverability of the carrying value of long-lived assets, including the commercial mortgage residual interests, the recoverability of the income tax benefit, and the collectibility of receivables from tenants, including accrued rental income. Actual results could differ from those estimates.

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Results of Operations
Property Analysis
General. The following table summarizes the Property Portfolio as of December 31:

	2014		2013		2012	
Properties Owned:						
Number	2,054		1,860		1,622	
Total gross leasable area (square feet)	22,479,000		20,402,000		19,168,000	
Properties:						
Leased or operated, and unimproved land	2,025		1,827		1,588	
Percent of Properties – leased or operated, and unimproved land	99	%	98	%	98	%
Weighted average remaining lease term (years)	12		12		12	
Total gross leasable area (square feet) – leased or operated	21,938,000		19,872,000		18,524,000	

The following table summarizes the lease expirations, assuming none of the tenants exercise renewal options, of the Property Portfolio for each of the next 10 years and then thereafter in the aggregate as of December 31, 2014:

	% of Annual Base Rent[(1)]	# of Properties	Gross Leasable Area[(2)]		% of Annual Base Rent[(1)]	# of Properties	Gross Leasable Area[(2)]
2015	1.2%	30	384,000	2021	4.4%	102	1,005,000
2016	1.5%	31	558,000	2022	6.4%	95	1,171,000
2017	3.2%	49	1,074,000	2023	3.0%	55	946,000
2018	6.9%	182	1,643,000	2024	2.9%	50	771,000
2019	3.4%	74	1,030,000	Thereafter	63.2%	1,236	11,950,000
2020	3.9%	112	1,406,000				

(1) Based on the annualized base rent for all leases in place as of December 31, 2014.
(2) Approximate square feet.

The following table summarizes the diversification of the Property Portfolio based on the top 10 lines of trade:

		% of Annual Base Rent[(1)]		
	Top 10 Lines of Trade	2014	2013	2012
1.	Convenience stores	18.0%	19.7%	19.8%
2.	Restaurants - full service	9.1%	9.7%	10.7%
3.	Automotive service	7.2%	7.6%	7.6%
4.	Restaurants - limited service	6.5%	5.5%	5.2%
5.	Theaters	5.2%	4.5%	4.7%
6.	Family entertainment centers	5.1%	2.3%	2.1%
7.	Automotive parts	4.7%	5.1%	5.6%
8.	Health and fitness	3.9%	4.3%	3.7%
9.	Banks	3.7%	4.1%	0.2%
10.	Sporting goods	3.5%	3.7%	4.0%
	Other	33.1%	33.5%	36.4%
		100.0%	100.0%	100.0%

(1) Based on annualized base rent for all leases in place as of December 31 of the respective year.

The following table summarizes the diversification of the Property Portfolio by state as of December 31, 2014:

	State	# of Properties	% of Annual Base Rent[1]
1.	Texas	419	20.4%
2.	Florida	168	9.7%
3.	North Carolina	130	5.5%
4.	Illinois	71	5.0%
5.	Georgia	109	4.9%
6.	Virginia	87	4.2%
7.	Indiana	84	4.0%
8.	Ohio	60	3.3%
9.	Pennsylvania	99	3.3%
10.	California	40	3.1%
	Other	787	36.6%
		2,054	100.0%

(1) Based on annualized base rent for all leases in place as of December 31, 2014.

Property Acquisitions. The following table summarizes the Property acquisitions for each of the years ended December 31 (dollars in thousands):

	2014	2013	2012
Acquisitions:			
Number of Properties	221	275	232
Gross leasable area (square feet)	2,417,000	1,652,000	2,955,000
Initial cash yield	7.5 %	7.8 %	8.3 %
Total dollars invested[1]	$618,145	$629,896	$707,233

(1) Includes dollars invested in projects under construction or tenant improvements for each respective year.

NNN typically funds Property acquisitions either through borrowings under NNN's unsecured revolving credit facility (the "Credit Facility") or by issuing its debt or equity securities in the capital markets.

Property Dispositions. The following table summarizes the Properties sold by NNN for each of the years ended December 31 (dollars in thousands):

	2014	2013	2012
Number of properties	27	35	34
Gross leasable area (square feet)	317,000	360,000	211,000
Net sales proceeds	$55,378	$61,000	$81,120
Gain, net of income tax expense [1]	$11,424	$5,595	$10,956
Cap rate	7.2 %	7.5 %	8.2 %

(1) Amounts include deferred gains on previously sold properties.

NNN typically uses the proceeds from Property sales either to pay down the Credit Facility or reinvest in real estate.

Analysis of Revenue from Continuing Operations

General. During the year ended December 31, 2014, NNN's rental income increased primarily due to the increase in rental income from Property acquisitions (See "Results of Operations – Property Analysis – Property Acquisitions"). NNN anticipates increases in rental income will continue to come from additional Property acquisitions and increases in rents pursuant to existing lease terms.

The following summarizes NNN's revenues from continuing operations (dollars in thousands):

	2014	2013	2012	Percent of Total						2014 Versus 2013 Percent		2013 Versus 2012 Percent	
				2014		2013		2012					
Rental Income[(1)]	$416,842	$376,424	$315,913	95.9	%	95.6	%	95.0	%	10.7	%	19.2	%
Real estate expense reimbursement from tenants	13,875	13,340	11,817	3.2	%	3.4	%	3.5	%	4.0	%	12.9	%
Interest and other income from real estate transactions	2,296	1,471	2,243	0.5	%	0.4	%	0.7	%	56.1	%	(34.4	)%
Interest income on commercial mortgage residual interests	1,834	2,290	2,673	0.4	%	0.6	%	0.8	%	(19.9	)%	(14.3	)%
Total revenues from continuing operations	$434,847	$393,525	$332,646	100.0	%	100.0	%	100.0	%	10.5	%	18.3	%

(1) Includes rental income from operating leases, earned income from direct financing leases and percentage rent from continuing operations ("Rental Income").

Comparison of Revenues from Continuing Operations – 2014 versus 2013

Rental Income. Rental Income increased in amount and as a percent of the total revenues from continuing operations for the year ended December 31, 2014 as compared to the same period in 2013. The increase for the year ended December 31, 2014, is primarily due to a partial year of Rental Income received as a result of the acquisition of 221 properties with aggregate gross leasable area of approximately 2,417,000 during 2014 and a full year of Rental Income received as a result of the acquisition of 275 properties with a gross leasable area of approximately 1,652,000 square feet in 2013. In addition, the increase was partially offset by a $613,000 decrease in lease termination fees for the year ended December 31, 2014, as compared to December 31, 2013.

Real Estate Expense Reimbursement from Tenants. Real estate expense reimbursements from tenants increased for the year ended December 31, 2014, as compared to the same period in 2013, but decreased as a percentage of total revenues from continuing operations for the same period. The increase is primarily attributable to a full year of reimbursements from properties acquired in 2013 and a partial year of reimbursements from certain newly acquired properties in 2014.

Comparison of Revenues from Continuing Operations – 2013 versus 2012

Rental Income. Rental Income increased in amount and as a percent of the total revenues from continuing operations for the year ended December 31, 2013 as compared to the same period in 2012. The increase for the year ended December 31, 2013, is primarily due to a partial year of Rental Income received as a result of the acquisition of 275 properties with aggregate gross leasable area of approximately 1,652,000 square feet during 2013 and a full year of Rental Income received as a result of the acquisition of 232 properties with a gross leasable area of approximately 2,955,000 square feet in 2012. In addition, lease termination fees increased $597,000 for the year ended December 31, 2013, as compared to December 31, 2012.

Real Estate Expense Reimbursement from Tenants. Real estate expense reimbursements from tenants increased for the year ended December 31, 2013, as compared to the same period in 2012, but decreased as a percentage of total revenues from continuing operations. The increase is primarily attributable to a full year of reimbursements from properties acquired in 2012 and a partial year of reimbursements from certain newly acquired properties in 2013.

Analysis of Expenses from Continuing Operations

General. Operating expenses from continuing operations increased primarily due to an increase in depreciation expense and an increase in general and administrative expense, but was partially offset by a decrease in impairments during the year ended December 31, 2014, as compared to the same period in 2013. The following summarizes NNN's expenses from continuing operations (dollars in thousands):

	2014	2013	2012
General and administrative	$32,518	$31,095	$31,828
Real estate	18,905	18,497	17,425
Depreciation and amortization	116,162	99,274	73,806
Impairment – commercial mortgage residual interests valuation	256	1,185	2,812
Impairment losses and other charges, net of recoveries	760	3,580	3,899
Total operating expenses	$168,601	$153,631	$129,770
Interest and other income	$(357)	$(1,493)	$(2,232)
Interest expense	85,510	85,822	83,787
Real estate acquisition costs	1,391	1,485	364
Total other expenses (revenues)	$86,544	$85,814	$81,919

	Percentage of Total Operating Expenses			Percentage of Revenues from Continuing Operations			2014 Versus 2013	2013 Versus 2012
	2014	2013	2012	2014	2013	2012	Percent	Percent
General and administrative	19.3 %	20.3 %	24.5 %	7.5 %	7.9 %	9.6 %	4.6 %	(2.3)%
Real estate	11.2 %	12.0 %	13.4 %	4.3 %	4.7 %	5.2 %	2.2 %	6.2 %
Depreciation and amortization	68.9 %	64.6 %	56.9 %	26.7 %	25.2 %	22.2 %	17.0 %	34.5 %
Impairment – commercial mortgage residual interests valuation	0.2 %	0.8 %	2.2 %	0.1 %	0.3 %	0.8 %	(78.4)%	(57.9)%
Impairment losses and other charges, net of recoveries	0.4 %	2.3 %	3.0 %	0.2 %	0.9 %	1.2 %	(78.8)%	(8.2)%
Total operating expenses	100.0 %	100.0 %	100.0 %	38.8 %	39.0 %	39.0 %	9.7 %	18.4 %
Interest and other income	(0.4)%	(1.7)%	(2.7)%	(0.1)%	(0.4)%	(0.7)%	(76.1)%	(33.1)%
Interest expense	98.8 %	100.0 %	102.3 %	19.7 %	21.8 %	25.2 %	(0.4)%	2.4 %
Real estate acquisition costs	1.6 %	1.7 %	0.4 %	0.3 %	0.4 %	0.1 %	(6.3)%	308.0 %
Total other expenses (revenues)	100.0 %	100.0 %	100.0 %	19.9 %	21.8 %	24.6 %	0.9 %	4.8 %

Comparison of Expenses from Continuing Operations – 2014 versus 2013

General and Administrative Expenses. General and administrative expenses increased for the year ended December 31, 2014, as compared to the same period in 2013, but decreased both as a percentage of total operating expenses and as a percentage of revenues from continuing operations. The increase in general and administrative expenses for the year ended December 31, 2014, is primarily attributable to an increase in incentive compensation.

Real Estate. Real estate expenses increased for the year ended December 31, 2014, as compared to the same period in 2013, but decreased both as a percentage of total operating expenses and as a percentage of revenues from continuing operations. The increase is primarily due to the increase in tenant reimbursable expenses related to a partial year of reimbursable expenses from certain properties acquired in 2014 and a full year of reimbursable expenses from certain properties acquired in 2013. Additionally, real estate expenses incurred on vacant properties increased for the year ended December 31, 2014. The increase was partially offset by a decrease in real estate expenses that are not reimbursable by the tenant for the year ended December 31, 2014, as compared to the same period in 2013.

Depreciation and Amortization. Depreciation and amortization expenses increased in amount and as a percentage of total operating expenses and as a percentage of revenues from continuing operations for the year ended December 31, 2014, as compared to the year ended December 31, 2013. The increase in expenses is primarily due to the acquisition of 221 properties with an aggregate gross leasable area of approximately 2,417,000 square feet in 2014 and 275 properties with an aggregate gross leasable area of approximately 1,652,000 square feet during 2013.

Interest Expense. Interest expense decreased for the year ended December 31, 2014, as compared to the same period in 2013, and decreased as a percentage of revenues from continuing operations and as a percentage of total operating expenses.

The following represents the primary changes in debt that have impacted interest expense:

(i) the issuance in April 2013 of $350,000,000 principal amount of notes payable with a maturity of April 2023, and stated interest rate of 3.300%;

(ii) the settlement of $223,035,000 principal amount of 5.125% convertible notes payable in 2013;

(iii) the issuance in May 2014 of $350,000,000 principal amount of notes payable with a maturity of June 2024, and stated interest rate of 3.900%;

(iv) the repayment in June 2014 of $150,000,000 principal amount of notes payable with a stated interest rate of 6.250%;

(v) the assumption of a mortgage in September 2014 of $2,824,000 in connection with a Property acquisition with an interest rate of 6.400%;

(vi) the assumption of a mortgage in November 2014 of $14,430,000 in connection with a Property acquisition with an interest rate of 5.230%; and

(vii) the increase of $15,188,000 in the weighted average debt outstanding on the Credit Facility for the year ended December 31, 2014, as compared to the same period in 2013.

Comparison of Expenses from Continuing Operations – 2013 versus 2012

General and Administrative Expenses. General and administrative expenses decreased for the year ended December 31, 2013, as compared to the same period in 2012, and decreased both as a percentage of total operating expenses and as a percentage of revenues from continuing operations. The decrease in general and administrative expenses for the year ended December 31, 2013, is primarily attributable to a decrease in incentive compensation.

Real Estate. Real estate expenses increased for the year ended December 31, 2013, as compared to the same period in 2012, but decreased both as a percentage of total operating expenses and as a percentage of revenues from continuing operations. The increase is primarily due to the increase in tenant reimbursable expenses related to a partial year of reimbursable expenses from certain properties acquired in 2013 and a full year of reimbursable expenses from certain properties acquired in 2012. The increase was partially offset by a decrease in real estate expenses that are not reimbursable by the tenant and a decrease in real estate expenses incurred on vacant properties for the year ended December 31, 2013, as compared to the same period in 2012.

Depreciation and Amortization. Depreciation and amortization expenses increased as a percentage of total operating expenses and increased as a percentage of revenues from continuing operations for the year ended December 31, 2013, as compared to the year ended December 31, 2012. The increase in expenses is primarily due to the acquisition of 275 properties with an aggregate gross leasable area of approximately 1,652,000 square feet in 2013 and 232 properties with an aggregate gross leasable area of approximately 2,955,000 square feet during 2012.

Interest Expense. Interest expense increased for the year ended December 31, 2013, as compared to the same period in 2012, but decreased as a percentage of revenues from continuing operations and as a percentage of total operating expenses.

The following represents the primary changes in debt that have impacted interest expense:

(i) the issuance in August 2012 of $325,000,000 principal amount of notes payable with a maturity of October 2022, and stated interest rate of 3.800%;

(ii) the repayment in June 2012 of $50,000,000 principal amount of notes payable with a stated interest rate of 7.750%;

(iii) the repayment in July 2012 of a mortgage, with a balance of $18,488,000 at December 31, 2011 and an interest rate of 6.900%;

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(iv) the settlement of $138,700,000 principal amount of 3.950% convertible notes payable, of which $123,163,000 was settled in the fourth quarter 2012 and the remaining $15,537,000 was settled in the first quarter 2013;

(v) the issuance in April 2013 of $350,000,000 principal amount of notes payable with a maturity of April 2023, and stated interest rate of 3.300%;

(vi) the settlement of $223,035,000 principal amount of 5.125% convertible notes payable in 2013; and

(vii) the decrease of $12,017,000 in the weighted average debt outstanding on the Credit Facility for the year ended December 31, 2013, as compared to the same period in 2012.

Discontinued Operations

Earnings. Effective January 1, 2014, NNN has early adopted the FASB issued Accounting Standards Update ("ASU") 2014-08. Under ASU 2014-08, only disposals representing a strategic shift in operations are to be presented as discontinued operations. ASU 2014-08 requires the Company to continue to classify any Property disposal or Property classified as held for sale as of December 31, 2013, as discontinued operations prospectively. Therefore, the revenues and expenses related to these properties are presented as discontinued operations as of December 31, 2014. The Company did not classify any additional properties as discontinued operations subsequent to December 31, 2013.

The following table summarizes the earnings before income tax expense from discontinued operations for the years ended December 31 (dollars in thousands):

	2014			2013			2012		
	# of Sold Properties	Gain	Earnings	# of Sold Properties	Gain	Earnings	# of Sold Properties	Gain	Earnings
Properties	2	$155 [(1)]	$124	35	$6,272 [(1)]	$5,972	34	$10,956 [(1)]	$9,549
Noncontrolling interests	—	—	—	—	(152)	(163)	—	—	(24)
	2	$155	$124	35	$6,120	$5,809	34	$10,956	$9,525

[(1)] Amount includes deferred gains on previously sold properties.

NNN periodically sells Properties and may reinvest the sales proceeds to purchase additional properties or pay down debt. NNN evaluates its ability to pay dividends to stockholders by considering the combined effect of income from continuing and discontinued operations.

Impairment Losses and Other Charges. NNN periodically assesses its real estate for possible impairment whenever certain events or changes in circumstances indicate that the carrying amount of the asset, including accrued rental income, may not be recoverable through operations. Events or circumstances that may occur include significant changes in real estate market conditions and the ability of NNN to re-lease or sell properties that are vacant or become vacant. Management evaluates whether an impairment in value has occurred by comparing the estimated future cash flows (undiscounted and without interest charges), including the residual value of the real estate, with the carrying cost of the individual asset. If an impairment is indicated, a loss will be recorded for the amount by which the carrying value of the asset exceeds its fair value. During the years ended December 31, 2014, 2013 and 2012, NNN recognized real estate impairments on discontinued operations of $63,000, $541,000 and $6,242,000, respectively.

Impact of Inflation

NNN’s leases typically contain provisions to mitigate the adverse impact of inflation on NNN’s results of operations. Tenant leases generally provide for limited increases in rent as a result of fixed increases, increases in the consumer price index, and/or, to a lesser extent, increases in the tenant’s sales volume. During times when inflation is greater than increases in rent, rent increases will not keep up with the rate of inflation.

Properties are leased to tenants under long-term, net leases which typically require the tenant to pay certain operating expenses for a Property, thus, NNN’s exposure to inflation is reduced with respect to these expenses. Inflation may have an adverse impact on NNN’s tenants.

Liquidity

General. NNN's demand for funds has been and will continue to be primarily for (i) payment of operating expenses and cash dividends; (ii) Property acquisitions and development; (iii) origination of mortgages and notes receivable; (iv) capital expenditures; (v) payment of principal and interest on its outstanding indebtedness; and (vi) other investments.

NNN expects to meet short term liquidity requirements through cash provided from operations and NNN's Credit Facility. As of December 31, 2014, there was no outstanding balance and $650,000,000 was available for future borrowings under the Credit Facility. NNN anticipates its long-term capital needs will be funded by the Credit Facility, cash provided from operations, the issuance of long-term debt or the issuance of common or preferred equity or other instruments convertible into or exchangeable for common or preferred equity. However, there can be no assurance that additional financing or capital will be available, or that the terms will be acceptable or advantageous to NNN.

Cash and Cash Equivalents. The table below summarizes NNN's cash flows for each of the years ended December 31 (in thousands):

	2014	2013	2012
Cash and cash equivalents:			
Provided by operating activities	$296,733	$274,421	$228,130
Used in investing activities	(541,558)	(568,040)	(601,759)
Provided by financing activities	253,944	293,028	373,623
Increase (decrease)	9,119	(591)	(6)
Net cash at beginning of period	1,485	2,076	2,082
Net cash at end of period	$10,604	$1,485	$2,076

Cash provided by operating activities represents cash received primarily from rental income from tenants, proceeds from the disposition of certain properties and interest income less cash used for general and administrative expenses, interest expense and acquisition of certain properties. NNN's cash flow from operating activities, net of cash used in and provided by the acquisition and disposition of certain properties, has been sufficient to pay the distributions for each period presented. NNN typically uses proceeds from its Credit Facility to fund the acquisition of its properties. The change in cash provided by operations for the years ended December 31, 2014, 2013 and 2012, is primarily the result of changes in revenues and expenses as discussed in "Results of Operations." Cash generated from operations is expected to fluctuate in the future.

Changes in cash for investing activities are primarily attributable to acquisitions and dispositions of Properties.

NNN's financing activities for the year ended December 31, 2014, included the following significant transactions:

- $46,400,000 in net payments to NNN's Credit Facility,
- $346,068,000 in net proceeds from the issuance of the 3.90% notes payable in May,
- $150,000,000 in repayment of the 6.25% notes payable in June,
- $199,961,000 in net proceeds from the issuance of 5,462,500 shares of common stock in November,
- $14,817,000 in net proceeds from the issuance of 422,406 shares of common stock in connection with the Dividend Reinvestment and Stock Purchase Plan ("DRIP"),
- $134,919,000 in net proceeds from the issuance of 3,758,362 shares of common stock in connection with the at-the-market ("ATM") equity program,
- $19,047,000 in dividends paid to holders of the depositary shares of NNN's Series D Preferred Stock,
- $16,387,000 in dividends paid to holders of the depositary shares of NNN's Series E Preferred Stock, and
- $204,157,000 in dividends paid to common stockholders.

Financing Strategy. NNN's financing objective is to manage its capital structure effectively in order to provide sufficient capital to execute its operating strategy while servicing its debt requirements, maintaining investment grade credit rating, staggering debt maturities and providing value to NNN's stockholders. NNN generally utilizes debt and equity security offerings, bank borrowings, proceeds from the disposition of certain properties, and to a lesser extent, internally generated funds to meet its capital needs.

NNN typically funds its short-term liquidity requirements, including investments in additional Properties, with cash from its Credit Facility. As of December 31, 2014, there was no outstanding balance and $650,000,000 was available for future borrowings under the Credit Facility.

As of December 31, 2014, NNN's ratio of total debt to total gross assets (before accumulated depreciation and amortization) was approximately 33 percent and the ratio of secured indebtedness to total gross assets was less than one percent. The ratio of total debt to total market capitalization was approximately 24 percent. Certain financial agreements to which NNN is a party contain covenants that limit NNN's ability to incur debt under certain circumstances. The organizational documents of NNN do not limit the absolute amount or percentage of indebtedness that NNN may incur. Additionally, NNN may change its financing strategy.

Contractual Obligations and Commercial Commitments. The information in the following table summarizes NNN's contractual obligations and commercial commitments outstanding as of December 31, 2014. The table presents principal cash flows by year-end of the expected maturity for debt obligations and commercial commitments outstanding as of December 31, 2014.

	Expected Maturity Date (dollars in thousands)						
	Total	2015	2016	2017	2018	2019	Thereafter
Long-term debt[1]	$1,750,448	$151,663	$7,367	$253,355	$624	$602	$1,336,837
Operating lease	7,704	528	714	728	743	758	4,233
Total contractual cash obligations[2]	$1,758,152	$152,191	$8,081	$254,083	$1,367	$1,360	$1,341,070

(1) Includes amounts outstanding under mortgages payable and notes payable and excludes unamortized mortgage premiums and note discounts.

(2) Excludes $17,396 of accrued interest payable.

In addition to the contractual obligations outlined above, NNN has agreed to fund construction commitments on leased Properties. The improvements are estimated to be completed within 12 months. These construction commitments, as of December 31, 2014, are outlined in the table below (dollars in thousands):

Number of properties	26
Total commitment[1]	$110,081
Amount funded	$57,465
Remaining commitment	$52,616

(1) Includes land, construction costs, tenant improvements and lease costs.

As of December 31, 2014, NNN did not have any other material contractual cash obligations, such as purchase obligations, financing lease obligations or other long-term liabilities other than those reflected in the table. In addition to items reflected in the table, NNN has issued preferred stock with cumulative preferential cash distributions, as described below under "Dividends."

Management anticipates satisfying these obligations with a combination of NNN's cash provided from operations, current capital resources on hand, its Credit Facility, debt or equity financings and asset dispositions.

Generally the Properties are leased under long-term net leases. Therefore, management anticipates that capital demands to meet obligations with respect to these Properties will be modest for the foreseeable future and can be met with funds from operations and working capital. Certain of the Properties are subject to leases under which NNN retains responsibility for specific costs and expenses associated with the Property. Management anticipates the costs associated with the vacant Properties or those Properties that become vacant will also be met with funds from operations and working capital. NNN may be required to borrow under its Credit Facility or use other sources of capital in the event of significant capital expenditures.

The lost revenues and increased property expenses resulting from vacant Properties or uncollectibility of lease revenues could have a material adverse effect on the liquidity and results of operations if NNN is unable to release the Properties at comparable rental rates and in a timely manner. As of December 31, 2014, NNN owned 29 vacant, un-leased Properties which accounted for approximately one percent of total Properties. Additionally, as of February 13, 2015, less than one percent of the total gross leasable area of the Property Portfolio was leased to tenants that have filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. As a result, these tenants have the right to reject or affirm their leases with NNN.

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Dividends. NNN has made an election to be taxed as a REIT under Sections 856 through 860 of the Code, as amended, and related regulations and intends to continue to operate so as to remain qualified as a REIT for federal income tax purposes. NNN generally will not be subject to federal income tax on income that it distributes to its stockholders, provided that it distributes 100 percent of its REIT taxable income and meets certain other requirements for qualifying as a REIT. If NNN fails to qualify as a REIT in any taxable year, it will be subject to federal income tax on its taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for four years following the year during which qualification is lost. Such an event could materially adversely affect NNN's income and ability to pay dividends.

One of NNN's primary objectives, consistent with its policy of retaining sufficient cash for reserves and working capital purposes and maintaining its status as a REIT, is to distribute a substantial portion of its funds available from operations to its stockholders in the form of dividends.

The following table outlines the dividends declared and paid for NNN's common stock for the years ended December 31 (in thousands, except per share data):

	2014	2013	2012
Dividends	$204,157	$189,107	$167,495
Per share	1.650	1.600	1.560

The following presents the characterizations for tax purposes of such common stock dividends for the years ended December 31:

	2014			2013			2012		
Ordinary dividends	$1.306992	79.2116	%	$1.224568	76.5355	%	$1.199003	76.8592	%
Qualified dividends	0.006212	0.3765	%	0.056784	3.5490	%	0.013346	0.8555	%
Capital gain	0.008603	0.5214	%	—	—		0.021358	1.3691	%
Unrecaptured Section 1250 Gain	0.015362	0.9310	%	0.000650	0.0406	%	0.048890	3.1340	%
Nontaxable distributions	0.312831	18.9595	%	0.317998	19.8749	%	0.277403	17.7822	%
	$1.650000	100.0000	%	$1.600000	100.0000	%	$1.560000	100.0000	%

In February 2015, NNN paid dividends to its common stockholders of $55,314,000, or $0.42 per share of common stock.

Holders of NNN's preferred stock issuances are entitled to receive, when and as authorized by the Board of Directors, cumulative preferential cash distributions based on the stated rate and liquidation preference per annum. The following table outlines the dividends declared and paid for NNN's preferred stock for the years ended December 31(in thousands, except per share data):

	2014	2013	2012
Series C Preferred Stock (1):			
Dividends	$—	$—	$1,979
Per share	—	—	0.537760
Series D Preferred Stock (2):			
Dividends	19,047	19,047	15,449
Per share	1.656250	1.656250	1.343403
Series E Preferred Stock (3):			
Dividends	16,387	8,876	—
Per share	1.425000	0.771875	—

(1) The Series C Preferred Stock was redeemed in March 2012. The dividends paid during the quarter ended March 31, 2012 include accumulated and unpaid dividends through the redemption date.

(2) The Series D Preferred Stock dividends paid during the quarter ended June 30, 2012 include accumulated and unpaid dividends from the issuance date through the declaration date. The Series D Preferred Stock has no maturity date and will remain outstanding unless redeemed.

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(3) The Series E Preferred Stock dividends paid during the quarter ended September 30, 2013 include accumulated and unpaid dividends from the issuance date through the declaration date. The Series E Preferred Stock has no maturity date and will remain outstanding unless redeemed.

The following presents the characterizations for tax purposes of such preferred stock dividends for the years ended December 31:

	2014			2013			2012		
	Series E	Series D	Percentage of Total	Series E (3)	Series D	Percentage of Total	Series D (2)	Series C (1)	Percentage of Total
Ordinary dividends	$1.393700	$1.619870	97.8035 %	$0.741150	$1.590323	96.0195 %	$1.255844	$0.502710	93.4823 %
Qualified dividends	0.005738	0.006670	0.4027 %	0.030332	0.065084	3.9296 %	0.013979	0.005596	1.0406 %
Capital gain	0.009177	0.010666	0.6440 %	—	—	—	0.022371	0.008956	1.6652 %
Unrecaptured Section 1250 Gain	0.016385	0.019044	1.1498 %	0.000393	0.000843	0.0509 %	0.051209	0.020498	3.8119 %
	$1.425000	$1.656250	100.0000%	$0.771875	$1.656250	100.0000%	$1.343403	$0.537760	100.0000%

(1) The Series C preferred stock was redeemed in March 2012.

(2) The Series D preferred stock was issued in February 2012.

(3) The Series E preferred stock was issued in May 2013.

In February 2015, NNN declared a dividend on its Series D and E Preferred Stock of 41.40625 and 35.62500 cents per depositary share, respectively, payable March 16, 2015.

Capital Resources

Generally, cash needs for Property acquisitions, mortgages and notes receivable investments, debt payments, capital expenditures, development and other investments have been funded by equity and debt offerings, bank borrowings, the sale of properties and, to a lesser extent, by internally generated funds. Cash needs for operating and interest expenses and dividends have generally been funded by internally generated funds. If available, future sources of capital include proceeds from the public or private offering of NNN's debt or equity securities, secured or unsecured borrowings from banks or other lenders, proceeds from the sale of properties, as well as undistributed funds from operations.

Debt

The following is a summary of NNN's total outstanding debt as of December 31 (dollars in thousands):

	2014	Percentage of Total	2013	Percentage of Total
Line of credit payable	$—	—	$46,400	3.0 %
Mortgages payable	26,339	1.5 %	9,475	0.6 %
Notes payable	1,714,715	98.5 %	1,514,184	96.4 %
Total outstanding debt	$1,741,054	100.0 %	$1,570,059	100.0 %

Indebtedness. NNN expects to use indebtedness primarily for property acquisitions and development of single-tenant retail properties, either directly or through investment interests, and mortgages and notes receivable. Additionally indebtedness may be used to refinance existing indebtedness.

Line of Credit Payable. In October 2014, NNN amended and restated its credit agreement increasing the borrowing capacity under its unsecured revolving credit facility from $500,000,000 to $650,000,000 and amended certain other terms under the former revolving credit facility (as the context requires, the previous and new revolving credit facility, the "Credit Facility"). The Credit Facility had a weighted average outstanding balance of $56,590,000 and a weighted average interest rate of 1.2% for the year ended December 31, 2014. The Credit Facility matures January 2019, with an option to extend maturity to January 2020. As of December 31, 2014, the Credit Facility bears interest at LIBOR plus 92.5 basis points; however, such interest rate may change pursuant to a tiered interest rate structure based on NNN's debt rating. The Credit Facility also includes an

accordion feature to increase the facility size up to $1,000,000,000. As of December 31, 2014, there was no outstanding balance and $650,000,000 was available for future borrowings under the Credit Facility.
In accordance with the terms of the Credit Facility, NNN is required to meet certain restrictive financial covenants, which, among other things, require NNN to maintain certain (i) leverage ratios, (ii) debt service coverage, (iii) cash flow coverage, and (iv) investment limitations. At December 31, 2014, NNN was in compliance with those covenants. In the event that NNN violates any of these restrictive financial covenants, it could cause the indebtedness under the Credit Facility to be accelerated and may impair NNN's access to the debt and equity markets and limit NNN's ability to pay dividends to its common and preferred stockholders, each of which would likely have a material adverse impact on NNN's financial condition and results of operations.

Mortgages Payable. The following table outlines the mortgages payable included in NNN's consolidated financial statements (dollars in thousands):

Entered(1)	Initial Balance	Interest Rate	Maturity(2)	Carrying Value of Encumbered Asset(s)(3)	Outstanding Principal Balance at December 31, 2014	2013
December 2001	$623	9.00%	April 2014	$—	$—	$27
December 2001	698	9.00%	April 2019	868	223	263
December 2001	485	9.00%	April 2019	841	116	136
February 2004	6,952	6.90%	January 2017	10,554	1,577	2,257
March 2005	1,015	8.14%	September 2016	1,245	222	335
June 2012(4)	6,850	5.75%	April 2016	8,529	6,180	6,457
September 2014(4)	2,957	6.40%	February 2017	3,797	2,922	—
November 2014(4)	15,151	5.23%	July 2023	22,376	15,099	—
				$48,210	$26,339	$9,475

(1) Date entered represents the date that NNN acquired real estate subject to a mortgage securing a loan.
(2) Monthly payments include interest and principal, if any; the balance is due at maturity.
(3) Each loan is secured by a first mortgage lien on certain of the Properties. The carrying values of the assets are as of December 31, 2014.
(4) Initial balance and outstanding principal balance includes unamortized premium.

Notes Payable. Each of NNN's outstanding series of non-convertible notes is summarized in the table below (dollars in thousands):

Notes[(1)]	Issue Date	Principal	Discount[(2)]	Net Price	Stated Rate	Effective Rate[(3)]	Maturity Date
2015[(7)]	November 2005	$150,000	$390	$149,610	6.150%	6.185%	December 2015
2017[(4)]	September 2007	250,000	877	249,123	6.875%	6.924%	October 2017
2021[(5)]	July 2011	300,000	4,269	295,731	5.500%	5.690%	July 2021
2022	August 2012	325,000	4,989	320,011	3.800%	3.984%	October 2022
2023[(6)]	April 2013	350,000	2,594	347,406	3.300%	3.388%	April 2023
2024[(8)]	May 2014	350,000	707	349,293	3.900%	3.924%	June 2024

(1) The proceeds from the note issuance were used to pay down outstanding indebtedness of NNN's Credit Facility.

(2) The note discounts are amortized to interest expense over the respective term of each debt obligation using the effective interest method.

(3) Includes the effects of the discount, treasury lock gain/loss and swap gain/loss, as applicable.

(4) NNN entered into an interest rate hedge with a notional amount of $100,000. Upon issuance of the 2017 Notes, NNN terminated the interest rate hedge agreement resulting in a liability of $3,260, of which $3,228 was recorded to other comprehensive income. The liability has been deferred and is being amortized as an adjustment to interest expense over the term of the 2017 Notes using the effective interest method.

(5) NNN entered into two interest rate hedges with a total notional amount of $150,000. Upon issuance of the 2021 Notes, NNN terminated the interest rate hedge agreements resulting in a liability of $5,300, of which $5,218 was deferred in other comprehensive income. The deferred liability is being amortized over the term of the 2021 Notes using the effective interest method.

(6) NNN entered into four forward starting swaps with an aggregate notional amount of $240,000. Upon issuance of the 2023 Notes, NNN terminated the forward starting swaps resulting in a liability of $3,156, of which $3,141 was deferred in other comprehensive income. The deferred liability is being amortized over the term of the note using the effective interest method.

(7) NNN plans to use proceeds from the Credit Facility and/or potential debt or equity offerings to repay the outstanding indebtedness.

(8) NNN entered into three forward starting swaps with an aggregate notional amount of $225,000. Upon issuance of the 2024 Notes, NNN terminated the forward starting swaps resulting in a liability of $6,312, which was deferred in other comprehensive income. The deferred liability is being amortized over the term of the note using the effective interest method.

Each series of notes represents senior, unsecured obligations of NNN and is subordinated to all secured indebtedness of NNN. The notes are redeemable at the option of NNN, in whole or in part, at a redemption price equal to the sum of (i) the principal amount of the notes being redeemed plus accrued and unpaid interest thereon through the redemption date, and (ii) the make-whole amount, if any, as defined in the applicable supplemental indenture relating to the notes.

In connection with the note offerings, NNN incurred debt issuance costs totaling $15,500,000 consisting primarily of underwriting discounts and commissions, legal and accounting fees, rating agency fees and printing expenses. Debt issuance costs for all note issuances have been deferred and are being amortized over the term of the respective notes using the effective interest method.

In accordance with the terms of the indentures, pursuant to which NNN's notes have been issued, NNN is required to meet certain restrictive financial covenants, which, among other things, require NNN to maintain (i) certain leverage ratios, and (ii) certain interest coverage. At December 31, 2014, NNN was in compliance with those covenants. NNN's failure to comply with certain of its debt covenants could result in defaults that accelerate the payment under such debt and limit the dividends paid to NNN's common and preferred stockholders which would likely have a material adverse impact on NNN's financial condition and results of operations. In addition, these defaults could impair its access to the debt and equity markets.

In June 2014, NNN repaid the $150,000,000 6.250% notes payable that were due in June 2014.

Debt and Equity Securities

NNN has used, and expects to use in the future, issuances of debt and equity securities primarily to pay down its outstanding indebtedness and to finance investment acquisitions. In February 2012, NNN filed a shelf registration statement with the Securities and Exchange Commission (the “Commission”) which was automatically effective and permits the issuance by NNN of an indeterminate amount of debt and equity securities.

A description of NNN’s outstanding series of publicly held notes is found under “Debt – Notes Payable” above.

NNN completed the following underwritten public offerings of cumulative redeemable preferred stock that are still outstanding ("Preferred Stock Shares") (dollars in thousands, except per share data):

Series	Dividend Rate[(1)]		Issued	Depositary Shares Outstanding[(2)]	Gross Proceeds	Stock Issuance Costs[(3)]	Dividend Per Depositary Share	Earliest Redemption Date[(4)]
Series D[(5)]	6.625	%	February 2012	11,500,000	$287,500	$9,855	$1.656250	February 2017
Series E[(6)]	5.700	%	May 2013	11,500,000	287,500	9,856	1.425000	May 2018

(1) Holders are entitled to receive, when and as authorized by the Board of Directors, cumulative preferential cash dividends.

(2) Representing 1/100th of a preferred share. Each issuance included 1,500,000 depositary shares in connection with the underwriters' over-allotment.

(3) Consisting primarily of underwriting commissions and fees, rating agency fees, legal and accounting fees and printing expenses.

(4) NNN may redeem the preferred stock underlying the depositary shares at a redemption price of $2,500.00 per share (or $25.00 per depositary share), plus all accumulated and unpaid dividends.

(5) NNN used the net proceeds to redeem the 7.375% Series C Cumulative Redeemable Preferred Stock for an aggregate redemption price of $92,000, excluding accumulated dividends of $283. NNN used the remainder of the net proceeds for general corporate purposes, including repaying outstanding indebtedness under its Credit Facility.

(6) NNN used the net proceeds from the offering for general corporate purposes and funding property acquisitions.

The Preferred Stock Shares underlying the depositary shares rank senior to NNN’s common stock with respect to dividend rights and rights upon liquidation, dissolution or winding up of NNN. The Preferred Stock Shares have no maturity date and will remain outstanding unless redeemed. In addition, upon a change of control, as defined in the articles supplementary fixing the rights and preferences of the Preferred Stock Shares, NNN may redeem the Preferred Stock Shares underlying the depositary shares at a redemption price of $2,500.00 per share (or $25.00 per depositary share), plus all accumulated and unpaid dividends, and in limited circumstances the holders of depositary shares may convert some or all of their Preferred Stock Shares into shares of NNN's common stock at conversion rates provided in the related articles supplementary. As of February 20, 2015, the Preferred Stock Shares were not redeemable or convertible.

Common Stock Issuances. In November 2014, NNN filed a prospectus supplement to the prospectus contained in its February 2012 shelf registration statement and issued 5,462,500 shares (including 712,500 shares in connection with the underwriters' over-allotment) of common stock at a price of $38.16 per share and received net proceeds of $199,961,000. In connection with this offering, NNN incurred stock issuance costs totaling approximately $8,488,000, consisting primarily of underwriters' fees and commissions, legal and accounting fees and printing expenses. The Company used the net proceeds from this offering to repay outstanding indebtedness under the Credit Facility, to fund property acquisitions and for general corporate purposes.

In May 2012, NNN established an ATM equity program ("2012 ATM") which allows NNN to sell up to an aggregate of 9,000,000 shares of common stock from time to time through May 2015, of which 8,958,840 have been issued as of December 31, 2014. The 2012 ATM will expire in accordance with its terms in May 2015. NNN used the net proceeds from the 2012 ATM to repay outstanding indebtedness under the Credit Facility, to finance NNN's potential development and acquisition activities and for other general corporate purposes. The following table outlines the common stock issuances pursuant to the 2012 ATM for the year ended December 31 (dollars in thousands, except per share data):

	2013	2012
Shares of common stock	4,676,542	4,282,298
Average price per share (net)	$32.60	$29.64
Net proceeds	152,435	126,947
Stock issuance costs [(1)]	2,161	2,145

(1) Stock issuance costs consist primarily of underwriters' fees and commissions, and legal and accounting fees.

There were no common stock issuances pursuant to the 2012 ATM for the year ended December 31, 2014.
In March 2013, NNN established a second ATM equity program ("2013 ATM") which allows NNN to sell up to an aggregate of 9,000,000 shares of common stock from time to time through March 2015, of which 6,038,812 have been issued as of December 31, 2014. The 2013 ATM will expire in accordance with its terms in March 2015. NNN used the net proceeds from the 2013 ATM to repay outstanding indebtedness under the Credit Facility, to finance NNN's potential development and acquisition activities and for other general corporate purposes. The following table outlines the common stock issuances pursuant to the 2013 ATM for the year ended December 31 (dollars in thousands, except per share data):

	2014	2013
Shares of common stock	3,758,362	2,280,450
Average price per share (net)	$35.90	$37.80
Net proceeds	134,919	86,208
Stock issuance costs [1]	2,195	1,613

[1] Stock issuance costs consist primarily of underwriters' fees and commissions, and legal and accounting fees.
Dividend Reinvestment and Stock Purchase Plan. In February 2012, NNN filed a shelf registration statement which was automatically effective, with the Commission for its DRIP, which permits the issuance by NNN of 16,000,000 shares of common stock. NNN’s DRIP provides an economical and convenient way for current stockholders and other interested new investors to invest in NNN’s common stock. The following outlines the common stock issuances pursuant to NNN’s DRIP for the year ended December 31 (dollars in thousands):

	2014	2013	2012
Shares of common stock	422,406	764,891	2,101,644
Net proceeds	$14,817	$25,407	$56,102

The proceeds from the issuances were used to pay down outstanding indebtedness under NNN’s Credit Facility.

Mortgages and Notes Receivable
Mortgage notes are secured by real estate, real estate securities or other assets. Mortgages and notes receivable consisted of the following at December 31 (dollars in thousands):

	2014	2013
Mortgages and notes receivable	$10,974	$16,942
Accrued interest receivable	101	177
	$11,075	$17,119

Commercial Mortgage Residual Interests
NNN holds the commercial mortgage residual interests (“Residuals”) from seven securitizations. Each of the Residuals is recorded at fair value. Unrealized gains and losses are reported as other comprehensive income in stockholders’ equity and other than temporary losses as a result of a change in the timing or amount of estimated cash flows are recorded as an other than temporary valuation impairment.
The following table summarizes the recognition of unrealized gains and/or losses recorded as other comprehensive income as well as other than temporary valuation impairment as of December 31 (dollars in thousands):

	2014	2013	2012
Unrealized gains	$875	$511	$1,132
Other than temporary valuation impairment	256	1,185	2,812

Based on the expected timing of future cash flows relating to the Residuals certain valuation assumptions are made. During the years ended December 31, 2014, 2013 and 2012, NNN recorded an other than temporary valuation adjustment as a reduction of earnings from operations. The following table summarizes the key assumptions used in determining the value of the Residuals as of December 31:

	2014		2013	
Discount rate	20	%	20	%
Average life equivalent CPR[1] speeds range	0.87% to 26.30% CPR		0.80% to 20.76% CPR	
Foreclosures:				
Frequency curve default model	0.70% - 2.45% range		0.07% - 2.43% range	
Loss severity of loans in foreclosure	20	%	20	%
Yield:				
LIBOR	Forward 3-month curve		Forward 3-month curve	
Prime	Forward curve		Forward curve	

[1] Conditional prepayment rate

Item7A.Quantitative and Qualitative Disclosures About Market Risk

NNN is exposed to interest rate risk primarily as a result of its variable rate Credit Facility and its fixed rate debt which is used to finance NNN's development and acquisition activities, as well as for general corporate purposes. NNN's interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve its objectives, NNN borrows at both fixed and variable rates on its long-term debt. As of December 31, 2014, NNN had no outstanding derivatives.
The information in the table below summarizes NNN's market risks associated with its debt obligations outstanding as of December 31, 2014 and 2013. The table presents principal payments and related interest rates by year for debt obligations outstanding as of December 31, 2014. NNN has a variable interest rate risk on its Credit Facility which had no outstanding balance as of December 31, 2014. The weighted average rate for the Credit Facility for the year ended December 31, 2014, was 1.2%. The fair value of the Credit Facility as of December 31, 2014 and 2013 was $0 and $46,400,000, respectively. The table incorporates only those debt obligations that existed as of December 31, 2014, and it does not consider those debt obligations or positions which could arise after this date. Moreover, because firm commitments are not presented in the table below, the information presented therein has limited predictive value. As a result, NNN's ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period, NNN's hedging strategies at that time and interest rates. If interest rates on NNN's variable rate debt increased by one percent, NNN's interest expense would have increased by less than one percent for the year ended December 31, 2014.

Debt Obligations (dollars in thousands)

	Fixed Rate Debt Mortgages(1)		Unsecured Debt(2)	
	Debt Obligation	Weighted Average Interest Rate	Debt Obligation	Effective Interest Rate(3)
2015	$1,870	6.36%	$149,952	6.19%
2016	7,514	5.90%	—	—
2017	3,441	6.27%	249,693	6.92%
2018	710	5.69%	—	—
2019	688	5.42%	—	—
Thereafter	12,116	5.23%	1,315,070	4.20%
Total	$26,339	5.47%	$1,714,715	4.77%
Fair Value:				
December 31, 2014	$26,339		$1,813,439	
December 31, 2013	$9,475		$1,555,672	

(1) NNN's mortgages payable include unamortized premiums.
(2) Includes NNN's notes payable net of unamortized discounts. NNN uses market prices quoted from Bloomberg, a third party, which is a Level 1 input, to determine the fair value.
(3) Weighted average effective interest rate for periods after 2019.

NNN is also exposed to market risks related to NNN's Residuals. Factors that may impact the market value of the Residuals include delinquencies, loan losses, prepayment speeds and interest rates. The Residuals, which are reported at market value, had a carrying value of $11,626,000 and $11,721,000 as of December 31, 2014 and 2013, respectively. Unrealized gains and losses are reported as other comprehensive income in stockholders' equity. Losses are considered other than temporary and reported as a valuation impairment in earnings from operations if and when there has been a change in the timing or amount of estimated cash flows that leads to a loss in value.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm
The Board of Directors and Stockholders of National Retail Properties, Inc. and Subsidiaries
We have audited National Retail Properties, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). National Retail Properties, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
In our opinion, National Retail Properties, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.
We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of National Retail Properties, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2014 and our report dated February 20, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Certified Public Accountants
Orlando, Florida
February 20, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of National Retail Properties, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of National Retail Properties, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income and comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedules listed in the Index at Item 15(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Retail Properties, Inc. and Subsidiaries at December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 1 of the consolidated financial statements, the Company changed its method for reporting discontinued operations effective January 1, 2014.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National Retail Properties, Inc.’s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Certified Public Accountants

Orlando, Florida
February 20, 2015

NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

ASSETS	December 31, 2014	December 31, 2013
Real estate portfolio:		
Accounted for using the operating method, net of accumulated depreciation and amortization	$4,717,680	$4,259,384
Accounted for using the direct financing method	16,974	18,342
Real estate held for sale	5,395	9,324
Mortgages, notes and accrued interest receivable	11,075	17,119
Commercial mortgage residual interests	11,626	11,721
Cash and cash equivalents	10,604	1,485
Receivables, net of allowance of $1,784 and $2,822, respectively	3,013	4,107
Accrued rental income, net of allowance of $3,086 and $3,181, respectively	25,659	24,797
Debt costs, net of accumulated amortization of $14,353 and $20,213, respectively	16,453	12,877
Other assets	108,235	95,367
Total assets	$4,926,714	$4,454,523
LIABILITIES AND EQUITY		
Liabilities:		
Line of credit payable	$—	$46,400
Mortgages payable, including unamortized premium of $890 and $130, respectively	26,339	9,475
Notes payable, net of unamortized discount of $10,285 and $10,816, respectively	1,714,715	1,514,184
Accrued interest payable	17,396	17,142
Other liabilities	85,172	89,037
Total liabilities	1,843,622	1,676,238
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Preferred stock, $0.01 par value. Authorized 15,000,000 shares		
6.625% Series D, 115,000 shares issued and outstanding, at stated liquidation value of $2,500 per share	287,500	287,500
5.700% Series E, 115,000 shares issued and outstanding, at stated liquidation value of $2,500 per share	287,500	287,500
Common stock, $0.01 par value. Authorized 375,000,000 shares; 132,010,104 and 121,991,677 shares issued and outstanding, respectively	1,322	1,221
Capital in excess of par value	2,711,678	2,353,166
Retained earnings (loss)	(196,827)	(147,837)
Accumulated other comprehensive income (loss)	(8,658)	(4,505)
Total stockholders' equity of NNN	3,082,515	2,777,045
Noncontrolling interests	577	1,240
Total equity	3,083,092	2,778,285
Total liabilities and equity	$4,926,714	$4,454,523

See accompanying notes to consolidated financial statements.

NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(dollars in thousands, except per share data)

	Year Ended December 31,		
	2014	2013	2012
Revenues:			
Rental income from operating leases	$414,043	$372,913	$312,629
Earned income from direct financing leases	1,725	1,955	2,119
Percentage rent	1,074	1,556	1,165
Real estate expense reimbursement from tenants	13,875	13,340	11,817
Interest and other income from real estate transactions	2,296	1,471	2,243
Interest income on commercial mortgage residual interests	1,834	2,290	2,673
	434,847	393,525	332,646
Retail operations:			
Revenues	—	—	19,008
Operating expenses	—	—	(18,542)
Net	—	—	466
Operating expenses:			
General and administrative	32,518	31,095	31,828
Real estate	18,905	18,497	17,425
Depreciation and amortization	116,162	99,274	73,806
Impairment – commercial mortgage residual interests valuation	256	1,185	2,812
Impairment losses and other charges, net of recoveries	760	3,580	3,899
	168,601	153,631	129,770
Earnings from operations	266,246	239,894	203,342
Other expenses (revenues):			
Interest and other income	(357)	(1,493)	(2,232)
Interest expense	85,510	85,822	83,787
Real estate acquisition costs	1,391	1,485	364
	86,544	85,814	81,919
Earnings from continuing operations before income tax benefit (expense) and equity in earnings of unconsolidated affiliate	179,702	154,080	121,423
Income tax benefit (expense)	75	(74)	6,891
Equity in earnings of unconsolidated affiliate	—	—	4,074
Earnings from continuing operations	179,777	154,006	132,388
Earnings from discontinued operations, net of income tax expense	124	5,972	9,549
Earnings before gain on disposition of real estate, net of income tax expense	179,901	159,978	141,937
Gain on disposition of real estate, net of income tax expense	11,269	107	—
Earnings including noncontrolling interests	191,170	160,085	141,937
Loss (earnings) attributable to noncontrolling interests:			
Continuing operations	(569)	223	102
Discontinued operations	—	(163)	(24)
	(569)	60	78
Net earnings attributable to NNN	$190,601	$160,145	$142,015

See accompanying notes to consolidated financial statements.

NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(dollars in thousands, except per share data)

	Year Ended December 31, 2014	2013	2012
Net earnings attributable to NNN	$190,601	$160,145	$142,015
Series C preferred stock dividends	—	—	(1,979)
Series D preferred stock dividends	(19,047)	(19,047)	(15,449)
Series E preferred stock dividends	(16,387)	(8,876)	—
Excess of redemption value over carrying value of Series C preferred shares redeemed	—	—	(3,098)
Net earnings attributable to common stockholders	$155,167	$132,222	$121,489
Net earnings per share of common stock:			
Basic:			
Continuing operations	$1.24	$1.06	$1.04
Discontinued operations	—	0.05	0.09
Net earnings	$1.24	$1.11	$1.13
Diluted:			
Continuing operations	$1.24	$1.05	$1.02
Discontinued operations	—	0.05	0.09
Net earnings	$1.24	$1.10	$1.11
Weighted average number of common shares outstanding:			
Basic	124,257,558	118,204,148	106,965,156
Diluted	124,710,226	119,864,824	109,117,515
Other comprehensive income:			
Net earnings attributable to NNN	$190,601	$160,145	$142,015
Amortization of interest rate hedges	1,129	438	231
Fair value forward starting swaps	(6,312)	(3,141)	—
Net gain (loss) – commercial mortgage residual interests	1,038	(438)	1,132
Net gain (loss) – available-for-sale securities	(8)	69	85
Reclassification of noncontrolling interests	—	949	—
Comprehensive income attributable to NNN	$186,448	$158,022	$143,463

See accompanying notes to consolidated financial statements.

NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2014, 2013 and 2012
(dollars in thousands, except per share data)

	Series C Preferred Stock	Series D Preferred Stock	Series E Preferred Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings (Loss)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balances at December 31, 2011	$92,000	$—	—	$1,049	$1,958,225	$(44,946)	$(3,830)	$2,002,498	$1,378	$2,003,876
Net earnings	—	—	—	—	—	142,015	—	142,015	(78)	141,937
Dividends declared and paid:										
$0.53776 per depositary share of Series C preferred stock	—	—	—	—	—	(1,979)	—	(1,979)	—	(1,979)
$1.34340 per depositary share of Series D preferred stock	—	—	—	—	—	(15,449)	—	(15,449)	—	(15,449)
$1.56 per share of common stock	—	—	—	4	11,758	(167,495)	—	(155,733)	—	(155,733)
Redemption of 3,680,000 depositary shares of Series C Preferred Stock	(92,000)	—	—	—	3,098	(3,098)	—	(92,000)	—	(92,000)
Issuance of 11,500,000 depositary shares of Series D Preferred Stock	—	287,500	—	—	(9,855)	—	—	277,645	—	277,645
Issuance of common stock:										
40,460 shares	—	—	—	—	833	—	—	833	—	833
1,689,160 shares – stock purchase program	—	—	—	17	44,395	—	—	44,412	—	44,412
4,282,298 shares – ATM equity program	—	—	—	43	129,049	—	—	129,092	—	129,092
Issuance of 373,913 shares of	—	—	—	4	331	—	—	335	—	335

restricted common stock										
Equity component of convertible debt	—	—	—	—	(41,486)	—	—	(41,486)	—	(41,486)
Stock issuance costs	—	—	—	—	(2,265)	—	—	(2,265)	—	(2,265)
Performance incentive plan	—	—	—	—	(451)	—	—	(451)	—	(451)
Amortization of deferred compensation	—	—	—	—	7,370	—	—	7,370	—	7,370
Amortization of interest rate hedges	—	—	—	—	—	—	231	231	—	231
Unrealized gain – commercial mortgage residual interests	—	—	—	—	—	—	1,132	1,132	—	1,132
Valuation adjustments – available-for-sale securities	—	—	—	—	—	—	85	85	—	85
Balances at December 31, 2012	$—	$287,500	$—	$1,117	$2,101,002	$(90,952)	$(2,382)	$2,296,285	$1,300	$2,297,585

See accompanying notes to consolidated financial statements.

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NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2014, 2013 and 2012
(dollars in thousands, except per share data)

	Series C Preferred Stock	Series D Preferred Stock	Series E Preferred Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings (Loss)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balances at December 31, 2012	$—	$287,500	$—	$1,117	$2,101,002	$(90,952)	$(2,382)	$2,296,285	$1,300	$2,297,585
Net earnings	—	—	—	—	—	160,145	—	160,145	(60)	160,085
Dividends declared and paid:										
$1.65625 per depositary share of Series D preferred stock	—	—	—	—	—	(19,047)	—	(19,047)	—	(19,047)
$0.77188 per depositary share of Series E preferred stock	—	—	—	—	—	(8,876)	—	(8,876)	—	(8,876)
$1.60 per share of common stock	—	—	—	4	14,941	(189,107)	—	(174,162)	—	(174,162)
Issuance of 11,500,000 depositary shares of Series E Preferred Stock	—	—	287,500	—	(9,856)	—	—	277,644	—	277,644
Issuance of common stock:										
29,013 shares	—	—	—	—	744	—	—	744	—	744
322,084 shares – stock purchase program	—	—	—	3	10,458	—	—	10,461	—	10,461
6,956,992 shares – ATM equity program	—	—	—	70	242,348	—	—	242,418	—	242,418
2,407,911 shares – conversion of 2028 Notes	—	—	—	24	85,200	—	—	85,224	—	85,224
Issuance of 290,181 shares of restricted common stock	—	—	—	3	(213)	—	—	(210)	—	(210)
Equity component of	—	—	—	—	(93,450)	—	—	(93,450)	—	(93,450)

convertible debt										
Stock issuance costs	—	—	—	—	(3,774)	—	—	(3,774)	—	(3,774)
Amortization of deferred compensation	—	—	—	—	6,715	—	—	6,715	—	6,715
Amortization of interest rate hedges	—	—	—	—	—	—	438	438	—	438
Fair value forward swaps	—	—	—	—	—	—	(3,141)	(3,141)	—	(3,141)
Unrealized loss – commercial mortgage residual interests	—	—	—	—	—	—	(438)	(438)	—	(438)
Valuation adjustments – available-for-sale securities	—	—	—	—	—	—	69	69	—	69
Noncontrolling interests	—	—	—	—	(949)	—	949	—	—	—
Balances at December 31, 2013	$—	$287,500	$287,500	$1,221	$2,353,166	$(147,837)	$(4,505)	$2,777,045	$1,240	$2,778,285

See accompanying notes to consolidated financial statements.

NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
Years Ended December 31, 2014, 2013 and 2012
(dollars in thousands, except per share data)

	Series C Preferred Stock	Series D Preferred Stock	Series E Preferred Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings (Loss)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balances at December 31, 2013	$—	$287,500	$287,500	$1,221	$2,353,166	$(147,837)	$(4,505)	$2,777,045	$1,240	$2,778,285
Net earnings	—	—	—	—	—	190,601	—	190,601	569	191,170
Dividends declared and paid:										
$1.65625 per depositary share of Series D preferred stock	—	—	—	—	—	(19,047)	—	(19,047)	—	(19,047)
$1.42500 per depositary share of Series E preferred stock	—	—	—	—	—	(16,387)	—	(16,387)	—	(16,387)
$1.65 per share of common stock	—	—	—	3	11,443	(204,157)	—	(192,711)	—	(192,711)
Issuance of common stock:										
5,493,595 shares	—	—	—	55	209,185	—	—	209,240	—	209,240
100,161 shares – stock purchase program	—	—	—	1	3,370	—	—	3,371	—	3,371
3,758,362 shares – ATM equity program	—	—	—	38	137,077	—	—	137,115	—	137,115
Issuance of 360,080 shares of restricted common stock	—	—	—	4	(313)	—	—	(309)	—	(309)
Stock issuance costs	—	—	—	—	(10,683)	—	—	(10,683)	—	(10,683)
Amortization of deferred compensation	—	—	—	—	8,433	—	—	8,433	—	8,433
Amortization of interest rate hedges	—	—	—	—	—	—	1,129	1,129	—	1,129
Fair value forward swaps	—	—	—	—	—	—	(6,312)	(6,312)	—	(6,312)

Unrealized gain – commercial mortgage residual interests	—	—	—	—	—	—	875	875	—	875
Realized gain – commercial mortgage residual interests	—	—	—	—	—	—	163	163	—	163
Valuation adjustments – available-for-sale securities	—	—	—	—	—	—	111	111	—	111
Realized gain – available-for-sale securities	—	—	—	—	—	—	(119)	(119)	—	(119)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(1,232)	(1,232)
Balances at December 31, 2014	$—	$287,500	$287,500	$1,322	$2,711,678	$(196,827)	$(8,658)	$3,082,515	$577	$3,083,092

See accompanying notes to consolidated financial statements.

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NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Earnings including noncontrolling interests	$191,170	$160,085	$141,937
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	116,165	99,617	75,334
Impairment losses and other charges	823	4,106	10,114
Impairment – commercial mortgage residual interests valuation	256	1,185	2,812
Amortization of notes payable discount	1,238	3,188	4,976
Amortization of debt costs	2,782	3,118	2,584
Amortization of mortgages payable premium	(93)	(57)	(29)
Amortization of deferred interest rate hedges	1,129	438	231
Interest rate hedge payment	(6,312)	(3,141)	—
Equity in earnings of unconsolidated affiliate	—	—	(4,074)
Distributions received from unconsolidated affiliate	—	—	7,019
Gain on disposition of real estate	(11,742)	(6,445)	(10,956)
Deferred income taxes	58	800	(7,034)
Performance incentive plan expense	9,841	8,518	10,136
Performance incentive plan payment	(2,808)	(2,138)	—
Change in operating assets and liabilities, net of assets acquired and liabilities assumed in business combinations:			
Additions to held for sale real estate	—	(1,029)	(6,616)
Decrease in real estate leased to others using the direct financing method	1,368	1,573	1,624
Decrease (increase) in mortgages, notes and accrued interest receivable	76	641	(187)
Decrease (increase) in receivables	16	62	(264)
Decrease (increase) in accrued rental income	(1,490)	368	(456)
Decrease (increase) in other assets	(2,256)	400	1,657
Increase (decrease) in accrued interest payable	254	(385)	2,419
Increase (decrease) in other liabilities	(4,746)	3,841	(2,002)
Other	1,004	(324)	(1,095)
Net cash provided by operating activities	296,733	274,421	228,130
Cash flows from investing activities:			
Proceeds from the disposition of real estate	58,853	60,626	81,402
Additions to real estate:			
Accounted for using the operating method	(602,780)	(637,417)	(684,925)
Increase in mortgages and notes receivable	(7,246)	(3,857)	(8,768)
Principal payments on mortgages and notes receivable	13,346	14,617	12,804
Return of investment from unconsolidated affiliate	—	—	1,220
Other	(3,731)	(2,009)	(3,492)
Net cash used in investing activities	(541,558)	(568,040)	(601,759)

See accompanying notes to consolidated financial statements.

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NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31, 2014	2013	2012
Cash flows from financing activities:			
Proceeds from line of credit payable	$678,500	$601,800	$1,184,900
Repayment of line of credit payable	(724,900)	(729,600)	(1,076,300)
Repayment of mortgages payable	(1,151)	(1,070)	(19,390)
Proceeds from notes payable	349,293	347,406	320,011
Repayment of notes payable	(150,000)	—	(50,000)
Repayment of notes payable – convertible	—	(246,797)	(164,649)
Payment of debt costs	(6,321)	(3,265)	(4,512)
Proceeds from issuance of common stock	360,072	267,613	185,223
Proceeds from issuance of Series D preferred stock	—	—	287,500
Proceeds from issuance of Series E preferred stock	—	287,500	—
Redemption of Series C preferred stock	—	—	(92,000)
Payment of Series C Preferred Stock dividends	—	—	(1,979)
Payment of Series D Preferred Stock dividends	(19,047)	(19,047)	(15,449)
Payment of Series E Preferred Stock dividends	(16,387)	(8,876)	—
Stock issuance costs	(10,726)	(13,529)	(12,237)
Payment of common stock dividends	(204,157)	(189,107)	(167,495)
Noncontrolling interest distributions	(1,232)	—	—
Net cash provided by financing activities	253,944	293,028	373,623
Net increase (decrease) in cash and cash equivalents	9,119	(591)	(6)
Cash and cash equivalents at beginning of year	1,485	2,076	2,082
Cash and cash equivalents at end of year	$10,604	$1,485	$2,076
Supplemental disclosure of cash flow information:			
Interest paid, net of amount capitalized	$81,829	$80,930	$75,283
Taxes paid	$59	$360	$201
Supplemental disclosure of noncash investing and financing activities:			
Issued 2,407,911 shares of common stock for conversion premium on 2028 Notes	$—	$85,224	$—
Issued 371,434, 298,896 and 398,578 shares of restricted and unrestricted common stock in 2014, 2013 and 2012, respectively, pursuant to NNN's performance incentive plan	$10,357	$8,218	$8,638
Issued 14,999, 16,605 and 16,078 shares of common stock in 2014, 2013 and 2012, respectively, to directors pursuant to NNN's performance incentive plan	$527	$582	$463
Issued 16,016, 12,308 and 19,212 shares of common stock in 2014, 2013 and 2012, respectively, pursuant to NNN's Deferred Director Fee Plan	$263	$162	$298
Surrender of 241 and 15,286 shares of restricted common stock in 2013 and 2012, respectively	$—	$7	$357
Change in other comprehensive income	$4,153	$2,123	$1,448
Change in lease classification (direct financing lease to operating lease)	$—	$1,156	$1,678

Mortgages payable assumed in connection with real estate transactions	$17,254	$—	$6,634
Mortgage receivable accepted in connection with real estate transactions	$62	$750	$—
Note receivable accepted in connection with real estate transactions	$70	$—	$—
Real estate acquired in connection with mortgage receivable foreclosure	$—	$—	$490
Real estate received in note receivable foreclosure	$—	$—	$1,595

See accompanying notes to consolidated financial statements.

NATIONAL RETAIL PROPERTIES, INC.
and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2014, 2013 and 2012

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization and Nature of Business – National Retail Properties, Inc., a Maryland corporation, is a fully integrated real estate investment trust ("REIT") formed in 1984. The term "NNN" or the "Company" refers to National Retail Properties, Inc. and all of its consolidated subsidiaries. NNN has elected to treat certain subsidiaries as taxable REIT subsidiaries. These taxable subsidiaries and their majority owned and controlled subsidiaries are collectively referred to as the "TRS."

NNN assets include: real estate assets, mortgages and notes receivable, and commercial mortgage residual interests. NNN acquires, owns, invests in and develops properties that are leased primarily to retail tenants under long-term net leases and primarily held for investment ("Properties" or "Property Portfolio" or individually a "Property").

	December 31, 2014
Property Portfolio:	
Total properties	2,054
Gross leasable area (square feet)	22,479,000
States	47
Weighted average remaining lease term (years)	12

NNN's operations are reported within one business segment in the financial statements and all properties are considered part of the Properties or Property Portfolio. As such, property counts and calculations involving property counts reflect all NNN properties.

Principles of Consolidation – NNN's consolidated financial statements include the accounts of each of the respective majority owned and controlled affiliates, including transactions whereby NNN has been determined to be the primary beneficiary in accordance with the Financial Accounting Standards Board ("FASB") guidance included in Consolidation. All significant intercompany account balances and transactions have been eliminated. NNN applies the equity method of accounting to investments in partnerships and joint ventures that are not subject to control by NNN due to the significance of rights held by other parties.

NNN consolidates certain joint venture development entities based upon either NNN being the primary beneficiary of the respective variable interest entity or NNN having a controlling interest over the respective entity. NNN eliminates significant intercompany balances and transactions and records a noncontrolling interest for its other partners' ownership percentage.

Real Estate Portfolio – NNN records the acquisition of real estate at cost, including acquisition and closing costs. The cost of properties developed by NNN includes direct and indirect costs of construction, property taxes, interest and other miscellaneous costs incurred during the development period until the project is substantially complete and available for occupancy. For the years ended December 31, 2014, 2013 and 2012, NNN recorded $1,629,000, $1,369,000 and $1,540,000, respectively, in capitalized interest during development.

Purchase Accounting for Acquisition of Real Estate Subject to a Lease – In accordance with the FASB guidance on business combinations, the fair value of the real estate acquired with in-place leases is allocated to the acquired tangible assets, consisting of land, building and tenant improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and the value of in-place leases, based in each case on their fair values. Acquisition and closing costs incurred on the acquisition of real estate with an in-place lease is expensed as incurred and recorded as real estate acquisition costs.

The fair value of the tangible assets of an acquired leased property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land, building and tenant improvements based on the determination of the fair values of these assets.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded as other assets or liabilities based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases, and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining term of the lease, including the probability of renewal periods. The capitalized above-market lease values are amortized as a reduction of rental income over the remaining terms of the respective leases. The capitalized below-market lease values are amortized as an increase to rental income over the initial term unless the Company believes that it is likely that the tenant will renew the option whereby the Company amortizes the value attributable to the renewal over the renewal period.

The aggregate value of other acquired intangible assets, consisting of in-place leases, is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates over (ii) the estimated fair value of the property as-if-vacant, determined as set forth above. The value of in-place leases exclusive of the value of above-market and below-market in-place leases is amortized to expense over the remaining non-cancelable periods of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written off. The value of tenant relationships is reviewed on individual transactions to determine if future value was derived from the acquisition.

Intangible assets and liabilities consisted of the following as of December 31 (in thousands):

	2014	2013
Intangible lease assets (included in Other assets):		
Value of above market in-place leases, net	$11,751	$11,803
Value of in-place leases, net	65,770	58,456
Intangible lease liabilities (included in Other liabilities):		
Value of below market in-place leases, net	29,162	28,708

NNN's real estate is generally leased to tenants on a net lease basis, whereby the tenant is responsible for all operating expenses relating to the Property, including property taxes, insurance, maintenance, repairs and capital expenditures. The leases are accounted for using either the operating or the direct financing method. Such methods are described below:

Operating method – Properties with leases accounted for using the operating method are recorded at the cost of the real estate. Revenue is recognized as rentals are earned and expenses (including depreciation) are charged to operations as incurred. Buildings are depreciated on the straight-line method over their estimated useful lives. Leasehold interests are amortized on the straight-line method over the terms of their respective leases. When scheduled rentals vary during the lease term, income is recognized on a straight-line basis so as to produce a constant periodic rent over the term of the lease. Accrued rental income is the aggregate difference between the scheduled rents which vary during the lease term and the income recognized on a straight-line basis.

Direct financing method – Properties with leases accounted for using the direct financing method are recorded at their net investment (which at the inception of the lease generally represents the cost of the Property). Unearned income is deferred and amortized into income over the lease terms so as to produce a constant periodic rate of return on NNN’s net investment in the leases.

Real Estate – Held For Sale – Real estate held for sale is not depreciated and is recorded at the lower of cost or fair value, less cost to sell.

Impairment – Real Estate – Based upon certain events or changes in circumstances, management periodically assesses its Property Portfolio for possible impairment whenever the carrying value of the asset, including accrued rental income, may not be recoverable through operations. Events or circumstances that may occur include significant changes in real estate market conditions and the ability of NNN to re-lease or sell properties that are currently vacant or become vacant. Management evaluates whether an impairment in carrying value has occurred by comparing the estimated future cash flows (undiscounted and without interest charges), including the residual value of the real estate, with the carrying value of the individual asset. If an impairment is indicated, a loss will be recorded for the amount by which the carrying value of the asset exceeds its estimated fair value.

Real Estate Dispositions – When real estate is disposed of, the related cost, accumulated depreciation or amortization and any accrued rental income for operating leases and the net investment for direct financing leases are removed from the accounts, and gains and losses from the dispositions are reflected in income. Gains from the disposition of real estate are generally recognized using the full accrual method in accordance with the FASB guidance included in Real Estate Sales, provided that various criteria relating to the terms of the sale and any subsequent involvement by

NNN with the real estate sold are met. Lease termination fees are recognized when the related leases are cancelled and NNN no longer has a continuing involvement with the former tenant.

Valuation of Mortgages, Notes and Accrued Interest – The reserve allowance related to the mortgages, notes and accrued interest is NNN's best estimate of the amount of probable credit losses. The reserve allowance is determined on an individual note basis in reviewing any payment past due for over 90 days. Any outstanding amounts are written off against the reserve allowance when all possible means of collection have been exhausted.

Investment in an Unconsolidated Affiliate – NNN accounted for its investment in an unconsolidated affiliate under the equity method of accounting. In September 2007, NNN entered into a joint venture, NNN Retail Properties Fund I LLC (the "NNN Crow JV") with an affiliate of Crow Holdings Realty Partners IV, L.P., which is accounted for under the equity method of accounting. During September 2012, NNN Crow JV sold all of its assets and paid off its bank term loan as of December 31, 2012. NNN Crow JV was formally dissolved in April 2013.

Commercial Mortgage Residual Interests, at Fair Value – Commercial mortgage residual interests, classified as available for sale, are reported at their estimated market values with unrealized gains and losses reported as other comprehensive income in stockholders' equity. NNN recognizes the excess of all cash flows attributable to the commercial mortgage residual interests estimated at the acquisition/transaction date over the initial investment (the accretable yield) as interest income over the life of the beneficial interest using the effective yield method. Losses are considered other than temporary valuation impairments if and when there has been a change in the timing or amount of estimated cash flows, exclusive of changes in interest rates, that leads to a loss in value.

Cash and Cash Equivalents – NNN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash and money market accounts. Cash equivalents are stated at cost plus accrued interest, which approximates fair value.

Cash accounts maintained on behalf of NNN in demand deposits at commercial banks and money market funds may exceed federally insured levels or may be held in accounts without any federal insurance or any other insurance or guarantee. However, NNN has not experienced any losses in such accounts.

Valuation of Receivables – NNN estimates the collectibility of its accounts receivable related to rents, expense reimbursements and other revenues. NNN analyzes accounts receivable and historical bad debt levels, tenant credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

Debt Costs – Debt costs incurred in connection with NNN's $650,000,000 line of credit and mortgages payable have been deferred and are being amortized over the term of the respective loan commitment using the straight-line method, which approximates the effective interest method. Debt costs incurred in connection with the issuance of NNN's notes payable have been deferred and are being amortized to interest expense over the term of the respective debt obligation using the effective interest method.

Revenue Recognition – Rental revenues for properties under construction commence upon completion of construction of the leased asset and delivery of the leased asset to the tenant. Rental revenues for non-development real estate assets are recognized when earned in accordance with the FASB guidance included in Leases, based on the terms of the lease of the leased asset.

Earnings Per Share – Earnings per share have been computed pursuant to the FASB guidance included in Earnings Per Share. The guidance requires classification of the Company’s unvested restricted share units which contain rights to receive nonforfeitable dividends, as participating securities requiring the two-class method of computing earnings per share. Under the two-class method, earnings per common share are computed by dividing the sum of distributed earnings to common stockholders and undistributed earnings allocated to common stockholders by the weighted average number of common shares outstanding for the period. In applying the two-class method, undistributed earnings are allocated to both common shares and participating securities based on the weighted average shares outstanding during the period. The following table is a reconciliation of the numerator and denominator used in the computation of basic and diluted earnings per common share using the two-class method for the years ended December 31 (dollars in thousands):

	2014	2013	2012
Basic and Diluted Earnings:			
Net earnings attributable to NNN	$190,601	$160,145	$142,015
Less: Series C preferred stock dividends	—	—	(1,979)
Less: Series D preferred stock dividends	(19,047)	(19,047)	(15,449)
Less: Series E preferred stock dividends	(16,387)	(8,876)	—
Less: Excess of redemption value over carrying value of Series C preferred shares redeemed	—	—	(3,098)
Net earnings attributable to common stockholders	155,167	132,222	121,489
Less: Earnings attributable to unvested restricted shares	(773)	(718)	(741)
Net earnings used in basic and diluted earnings per share	$154,394	$131,504	$120,748
Basic and Diluted Weighted Average Shares Outstanding:			
Weighted average number of shares outstanding	125,221,358	118,969,771	107,873,577
Less: Unvested restricted shares	(467,968)	(448,590)	(654,127)
Less: Unvested contingent shares	(495,832)	(317,033)	(254,294)
Weighted average number of shares outstanding used in basic earnings per share	124,257,558	118,204,148	106,965,156
Effects of dilutive securities:			
Convertible debt	—	1,468,559	1,987,842
Other	452,668	192,117	164,517
Weighted average number of shares outstanding used in diluted earnings per share	124,710,226	119,864,824	109,117,515

Income Taxes – NNN has made an election to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), and related regulations. NNN generally will not be subject to federal income taxes on amounts distributed to stockholders, providing it distributes 100 percent of its REIT taxable income and meets certain other requirements for qualifying as a REIT. For each of the years in the three-year period ended December 31, 2014, NNN believes it has qualified as a REIT. Notwithstanding NNN’s qualification for taxation as a REIT, NNN is subject to certain state taxes on its income and real estate.

NNN and its taxable REIT subsidiaries have made timely TRS elections pursuant to the provisions of the REIT Modernization Act. A taxable REIT subsidiary is able to engage in activities resulting in income that previously would have been disqualified from being eligible REIT income under the federal income tax regulations. As a result, certain activities of NNN which occur within its TRS entities are subject to federal and state income taxes (See Note 13). All provisions for federal income taxes in the accompanying consolidated financial statements are attributable to NNN’s taxable REIT subsidiaries and to the Orange Avenue Mortgage Investments, Inc. ("OAMI"), a majority owned and controlled subsidiary, built-in-gain tax liability.

Income taxes are accounted for under the asset and liability method as required by the FASB guidance included in Income Taxes. Deferred tax assets and liabilities are recognized for the temporary differences based on estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Fair Value Measurement – NNN's estimates of fair value of financial and non-financial assets and liabilities are based on the framework established in the fair value accounting guidance. The framework specifies a hierarchy of valuation inputs which was established to increase consistency, clarity and comparability in fair value measurements and related disclosures. The guidance describes a fair value hierarchy based upon three levels of inputs that may be used to measure fair value, two of which are considered observable and one that is considered unobservable. The following describes the three levels:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation is based upon inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include option pricing models, discounted cash flow models and similar techniques.

Accumulated Other Comprehensive Income (Loss) – The following table outlines the changes in accumulated other comprehensive income (dollars in thousands):

	Gain or Loss on Cash Flow Hedges [1]	Gains and Losses on Commercial Mortgage Residual Interests [2]	Gains and Losses on Available-for-Sale Securities	Total
Beginning balance, December 31, 2012	$(5,693)	$3,244	$ 67	$(2,382)
Other comprehensive income (loss)	(3,141)	511	69	(2,561)
Reclassifications from accumulated other comprehensive income to net earnings	438 [3]	— [4]	— [5]	438
Net current period other comprehensive income (loss)	(2,703)	511	69	(2,123)
Ending balance, December 31, 2013	(8,396)	3,755	136	(4,505)
Other comprehensive income (loss)	(6,312)	875	111	(5,326)
Reclassifications from accumulated other comprehensive income to net earnings	1,129 [3]	163 [4]	(119) [5]	1,173
Net current period other comprehensive income (loss)	(5,183)	1,038	(8)	(4,153)
Ending balance, December 31, 2014	$(13,579)	$4,793	$ 128	$(8,658)

[1] Additional disclosure is included in Note 15 – Derivatives.
[2] Additional disclosure is included in Note 20 – Fair Value Measurements.
[3] Reclassifications out of other comprehensive income are recorded in Interest Expense on the Consolidated Statements of Income and Comprehensive Income. There is no income tax expense (benefit) resulting from this reclassification.
[4] Reclassifications out of other comprehensive income are recorded in Impairment on the Consolidated Statements of Income and Comprehensive Income. There is no income tax expense (benefit) resulting from this reclassification.

(5) Reclassifications out of other comprehensive income are recorded in Other Income on the Consolidated Statements of Comprehensive Income. There is no income tax expense (benefit) resulting from this reclassification.

New Accounting Pronouncements – In July 2013, the FASB issued Accounting Standards Update ("ASU") 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." The objective of the amendments in this update is to eliminate the diversity in practice of financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The provisions of the update are that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented, with certain exceptions, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of ASU 2013-11 did not have a significant impact on NNN's financial position or results of operations.

In April 2014, the FASB issued ASU 2014-08, “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposal of Components of an Entity,” effective for fiscal years beginning on or after December 15, 2014, with early adoption permitted beginning January 1, 2014. Under ASU 2014-08, only disposals representing a strategic shift in operations are to be presented as discontinued operations. NNN has elected early adoption of ASU 2014-08. This requires the Company to continue to classify any Property disposal or Property classified as held for sale as of December 31, 2013 as discontinued operations prospectively. Therefore, the revenues and expenses related to these properties are presented as discontinued operations as of December 31, 2014. The Company did not classify any additional properties as discontinued operations subsequent to December 31, 2013. The adoption of ASU 2014-08 did not have a significant impact on NNN’s financial position or results of operations. The adoption of this standard resulted in the operations of certain current year dispositions were no longer classified as discontinued operations.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” effective for annual reporting periods beginning after December 15, 2016, and interim periods within that reporting period. The core principle of ASU 2014-09, is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Certain contracts are excluded from ASU 2014-09, including lease contracts within the scope of the FASB guidance included in Leases. NNN is currently evaluating to determine the potential impact, if any, the adoption of ASU 2014-09 will have on its financial position and results of operations.

In June 2014, the FASB issued ASU 2014-12, "Compensation – Stock Compensation (Topic 718)," effective for annual periods and interim periods within those periods beginning after December 15, 2015. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. NNN is currently evaluating to determine the potential impact, if any, the adoption of ASU 2014-12 will have on its financial position and results of operations.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40), effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The amendments in this update provide guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. NNN is currently evaluating to determine the potential impact, if any, the adoption of ASU 2014-15 will have on footnote disclosures.

In November 2014, the FASB issued ASU 2014-16, "Derivatives and Hedging (Topic 815)." Entities commonly raise capital by issuing different classes of shares, including preferred stock, that entitle the holders to certain preferences and rights over the other shareholders. The specific terms of those shares may include conversion rights, redemption rights, voting rights, and liquidation and dividend payment preferences, among other features. One or more of those features may meet the definition of a derivative under GAAP. Shares that include such embedded derivative features are referred to as hybrid financial instruments. The objective of this update is to eliminate the use of different methods in practice and thereby reduce existing diversity under GAAP in the accounting for hybrid financial instruments issued in the form of a share. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. NNN is currently evaluating to determine the potential impact, if any, the adoption of ASU 2014-16 will have on its financial position and results of operations.

Use of Estimates – Additional critical accounting policies of NNN include management’s estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Additional critical accounting policies include management’s estimates of the useful lives used in calculating depreciation expense relating to real estate assets, purchase price allocation, the recoverability of the carrying value of long-lived assets, including the commercial mortgage residual interests, the recoverability of the deferred income taxes, and the collectibility of receivables from tenants, including accrued rental income. Actual results could differ from those estimates.

Correction of Immaterial Errors – During the year ended December 31, 2012, NNN identified certain immaterial errors related to deferred tax assets and the related valuation allowance. In 2009, NNN incurred a loss on foreclosure and impairment charges associated with acquiring the operations of one of its lessees. The properties and operations were transferred to taxable REIT subsidiaries upon foreclosure. Certain charges associated with the acquisition and impaired properties should have been recorded in NNN's qualified REIT subsidiaries prior to the properties' transfer to the taxable REIT subsidiary group. Deferred tax assets associated with the book charges of $10,350,000 in 2009 were inappropriately recorded in the taxable REIT subsidiary group. A valuation allowance for the full amount of the deferred tax assets was also recorded in 2009. In the year ended December 31, 2012, NNN decreased deferred tax assets and the related valuation allowance by $10,350,000 each to correct the error.

NNN further reviewed its conclusions in previous periods, commencing in 2009, with respect to the realizability of the remaining deferred tax assets. Upon further review, NNN determined that its available sources of income supported realizability of all but $3,104,000 of its gross deferred tax assets as of December 31, 2009, 2010 and 2011. As a result, NNN determined that it had previously understated its deferred income tax benefit in the years ended December 31, 2010 and 2009 by $3,121,000 and $3,372,000, respectively, and understated its net deferred tax assets by $6,493,000 as of December 31, 2011 and 2010, in its financial statements. NNN corrected this in the year ended December 31, 2012 by reversing the valuation allowance and recording an income tax benefit of $6,493,000. NNN reviewed the impact of correcting the prior period errors in 2012 as well as its impact on prior periods in accordance with SAB Topics 1.M and 1.N and determined that the misstatements did not have a material effect on the Company's financial position, results of operations, trends in earnings, or cash flows for any of the periods presented.
Furthermore, NNN determined in the year ended December 31, 2012 that its available sources of income supported realizability of all of its gross deferred tax assets. In 2012, NNN reversed the remaining valuation allowance and recorded an income tax benefit of $1,178,000.
Reclassification – Certain items in the prior year's consolidated financial statements and notes to consolidated financial statements have been reclassified to conform to the 2014 presentation.

Note 2 – Real Estate:
Real Estate – Portfolio
Leases – The following outlines key information for NNN's leases at December 31, 2014:

Lease classification:	
Operating	2,083
Direct financing	12
Building portion – direct financing/land portion – operating	1
Weighted average remaining lease term	12 years

The leases generally provide for limited increases in rent as a result of fixed increases, increases in the consumer price index, and/or increases in the tenant's sales volume. Generally, the tenant is also required to pay all property taxes and assessments, substantially maintain the Property and carry property and liability insurance coverage. Certain of the Properties are subject to leases under which NNN retains responsibility for specific costs and expenses of the Property. Generally, the leases provide the tenant with one or more multi-year renewal options, subject to generally the same terms and conditions of the base term of the lease, including rent increases.
Real Estate Portfolio – Accounted for Using the Operating Method – Real estate subject to operating leases consisted of the following as of December 31 (dollars in thousands):

	2014	2013
Land and improvements	$1,784,494	$1,652,304
Buildings and improvements	3,414,691	2,960,845
Leasehold interests	1,290	1,290
	5,200,475	4,614,439
Less accumulated depreciation and amortization	(511,703)	(415,774)
	4,688,772	4,198,665
Work in progress	28,908	60,719
	$4,717,680	$4,259,384

Some leases provide for scheduled rent increases throughout the lease term. Such amounts are recognized on a straight-line basis over the terms of the leases. For the years ended December 31, 2014, 2013 and 2012, NNN recognized collectively in continuing and discontinued operations, $1,521,000, ($338,000) and $487,000, respectively, of such income, net of reserves. At December 31, 2014 and 2013, the balance of accrued rental income, net of allowances of $3,086,000 and $3,181,000, respectively, was $25,659,000 and $24,797,000, respectively.

The following is a schedule of future minimum lease payments to be received on noncancellable operating leases at December 31, 2014 (dollars in thousands):

2015	$432,369
2016	427,152
2017	417,412
2018	392,925
2019	375,013
Thereafter	3,025,217
	$5,070,088

Since lease renewal periods are exercisable at the option of the tenant, the above table only presents future minimum lease payments due during the current lease terms. In addition, this table does not include amounts for potential variable rent increases that are based on the CPI or future contingent rents which may be received on the leases based on a percentage of the tenant’s gross sales.
Real Estate Portfolio – Accounted for Using the Direct Financing Method – The following lists the components of net investment in direct financing leases at December 31 (dollars in thousands):

	2014	2013
Minimum lease payments to be received	$17,376	$20,469
Estimated unguaranteed residual values	8,274	8,274
Less unearned income	(8,676)	(10,401)
Net investment in direct financing leases	$16,974	$18,342

The following is a schedule of future minimum lease payments to be received on direct financing leases held for investment at December 31, 2014 (dollars in thousands):

2015	$2,956
2016	2,873
2017	2,035
2018	2,007
2019	1,513
Thereafter	5,992
	$17,376

The above table does not include future minimum lease payments for renewal periods, potential variable CPI rent increases or contingent rental payments that may become due in future periods (see Real Estate Portfolio – Accounted for Using the Operating Method).

Real Estate – Held For Sale

On a quarterly basis, the Company evaluates its Properties for held for sale classification based on specific criteria as outlined in ASC 360, Property, Plant & Equipment, including management’s intent to commit to a plan to sell the asset. In January 2014, NNN completed a strategic review of its Properties held for sale and reclassified one Property that was previously held for sale to held for investment, included in Real Estate – Portfolio. As of December 31, 2014, NNN had seven of its Properties categorized as held for sale. NNN anticipates the disposition of these Properties to occur within 12 months. NNN's real estate held for sale at December 31, 2013, included eight properties, two of which were subsequently sold in 2014. Real estate held for sale consisted of the following as of (dollars in thousands):

	2014	2013
Land and improvements	$3,246	$5,751
Building and improvements	4,644	8,067
	7,890	13,818
Less accumulated depreciation and amortization	(1,473)	(2,362)
Less impairment	(1,022)	(2,132)
	$5,395	$9,324

Real Estate – Dispositions

The following table summarizes the Properties sold and the corresponding gain recognized on the disposition of Properties for the years ended December 31 (dollars in thousands):

	2014		2013		2012	
	# of Sold Properties	Gain	# of Sold Properties	Gain	# of Sold Properties	Gain
Gain on disposition of real estate	25	$11,587	—	$173	—	$—
Income tax expense		(318)		(66)		—
		11,269		107		—
Gain on disposition of real estate included in discontinued operations	2	155 (1)	35	6,272 (1)	34	10,956 (1)
Income tax expense		—		(784)		—
		$11,424		$5,595		$10,956

(1) Amount includes the recognition of deferred gains on previously sold properties.

Real Estate – Commitments

NNN has agreed to fund construction commitments on leased Properties. The improvements are estimated to be completed within 12 months. These construction commitments, as of December 31, 2014, are outlined in the table below (dollars in thousands):

Number of properties	26
Total commitment[1]	$110,081
Amount funded	$57,465
Remaining commitment	$52,616

(1) Includes land, construction costs, tenant improvements and lease costs.

Real Estate – Impairments
Management periodically assesses its real estate for possible impairment whenever certain events or changes in circumstances indicate that the carrying amount of the asset, including accrued rental income, may not be recoverable through operations. Events or circumstances that may occur include significant changes in real estate market conditions and the ability of NNN to re-lease or sell properties that are vacant or become vacant. Impairments are measured as the amount by which the current book value of the asset exceeds the estimated fair value of the asset. As a result of the Company's review of long lived assets, including identifiable intangible assets, NNN recognized the following real estate impairments for the years ended December 31 (dollars in thousands):

	2014	2013	2012
Continuing operations	$760	$3,565	$4,070
Discontinued operations	63	541	6,242
	$823	$4,106	$10,312

The valuation of impaired assets is determined using widely accepted valuation techniques including discounted cash flow analysis, income capitalization, analysis of recent comparable sales transactions, actual sales negotiations and bona fide purchase offers received from third parties, which are Level 3 inputs. NNN may consider a single valuation technique or multiple valuation techniques, as appropriate, when estimating the fair value of its real estate.

Note 3 – Mortgages, Notes and Accrued Interest Receivable:
Mortgage notes are secured by real estate, real estate securities or other assets. Mortgages and notes receivable consisted of the following at December 31 (dollars in thousands):

	2014	2013
Mortgages and notes receivable	$10,974	$16,942
Accrued interest receivables	101	177
	$11,075	$17,119

Note 4 – Commercial Mortgage Residual Interests:
NNN holds the commercial mortgage residual interests ("Residuals") from seven securitizations. Each of the Residuals is recorded at fair value. Unrealized gains and losses are reported as other comprehensive income in stockholders' equity and other than temporary losses as a result of a change in the timing or amount of estimated cash flows are recorded as an other than temporary valuation impairment.
The following table summarizes the recognition of unrealized gains and/or losses recorded as other comprehensive income as well as other than temporary valuation impairment as of December 31 (dollars in thousands):

	2014	2013	2012
Unrealized gains	$875	$511	$1,132
Other than temporary valuation impairment	256	1,185	2,812

Based on the expected timing of future cash flows relating to the Residuals certain valuation assumptions are made. During the years ended December 31, 2014, 2013 and 2012, NNN recorded an other than temporary valuation adjustment as a reduction of earnings from operations. The following table summarizes the key assumptions used in determining the value of the Residuals as of December 31:

	2014		2013	
Discount rate	20	%	20	%
Average life equivalent CPR[(1)] speeds range	0.87% to 26.30% CPR		0.80% to 20.76% CPR	
Foreclosures:				
Frequency curve default model	0.70% - 2.45% range		0.07% - 2.43% range	
Loss severity of loans in foreclosure	20	%	20	%
Yield:				
LIBOR	Forward 3-month curve		Forward 3-month curve	
Prime	Forward curve		Forward curve	

(1) Conditional prepayment rate

The following table shows the effects on the key assumptions affecting the fair value of the Residuals at December 31, 2014 (dollars in thousands):

	Residuals
Carrying amount of retained interests	$11,626
Discount rate assumption:	
Fair value at 25% discount rate	$9,824
Fair value at 27% discount rate	$9,194
Prepayment speed assumption:	
Fair value of 1% increases above the CPR Index	$11,624
Fair value of 2% increases above the CPR Index	$11,623
Expected credit losses:	
Fair value 2% adverse change	$11,509
Fair value 3% adverse change	$11,450
Yield Assumptions:	
Fair value of Prime/LIBOR spread contracting 25 basis points	$11,849
Fair value of Prime/LIBOR spread contracting 50 basis points	$12,073

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation of a particular assumption on the fair value of the retained interest is calculated without changing any other assumptions; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

Note 5 – Line of Credit Payable:

In October 2014, NNN amended and restated its credit agreement increasing the borrowing capacity under its unsecured revolving credit facility from $500,000,000 to $650,000,000 and amended certain other terms under the former revolving credit facility (as the context requires, the previous and new revolving credit facility, the "Credit Facility"). The Credit Facility had a weighted average outstanding balance of $56,590,000 and a weighted average interest rate of 1.2% for the year ended December 31, 2014. The Credit Facility matures January 2019, with an option to extend maturity to January 2020. As of December 31, 2014, the Credit Facility bears interest at LIBOR plus 92.5 basis points; however, such interest rate may change pursuant to a tiered interest rate structure based on NNN's debt rating. The Credit Facility also includes an accordion feature to increase the facility size up to $1,000,000,000. As of December 31, 2014, there was no outstanding balance and $650,000,000 was available for future borrowings under the Credit Facility.

In accordance with the terms of the Credit Facility, NNN is required to meet certain restrictive financial covenants which, among other things, require NNN to maintain certain (i) leverage ratios, (ii) debt service coverage, (iii) cash flow coverage and (iv) investment and dividend limitations. At December 31, 2014, NNN was in compliance with those covenants.

Note 6 – Mortgages Payable:

The following table outlines the mortgages payable included in NNN's consolidated financial statements (dollars in thousands):

Entered[(1)]	Initial Balance	Interest Rate	Maturity[(2)]	Carrying Value of Encumbered Asset(s)[(3)]	Outstanding Principal Balance at December 31, 2014	2013
December 2001	$623	9.00%	April 2014	$—	$—	$27
December 2001	$698	9.00%	April 2019	868	223	263
December 2001	485	9.00%	April 2019	841	116	136
February 2004	6,952	6.90%	January 2017	10,554	1,577	2,257
March 2005	1,015	8.14%	September 2016	1,245	222	335
June 2012[(4)]	6,850	5.75%	April 2016	8,529	6,180	6,457
September 2014[(4)]	2,957	6.40%	February 2017	3,797	2,922	—
November 2014[(4)]	15,151	5.23%	July 2023	22,376	15,099	—
				$48,210	$26,339	$9,475

(1) Date entered represents the date that NNN acquired real estate subject to a mortgage securing a loan.
(2) Monthly payments include interest and principal, if any; the balance is due at maturity.
(3) Each loan is secured by a first mortgage lien on certain of the Properties. The carrying values of the assets are as of December 31, 2014.
(4) Initial balance and outstanding principal balance includes unamortized premium.

The following is a schedule of the scheduled principal payments, net of premium amortization of NNN's mortgages payable at December 31, 2014 (dollars in thousands):

2015	$1,870
2016	7,514
2017	3,441
2018	710
2019	688
Thereafter	12,116
	$26,339

Note 7 – Notes Payable – Convertible:
On September 28, 2012, NNN announced that the market price condition on its 3.950% convertible senior notes due 2026 (the "2026 Notes") has been satisfied, and that the 2026 Notes would be convertible during the calendar quarter beginning October 1, 2012.
All note holders elected to exercise the conversion feature of the 2026 Notes prior to their redemption. Pursuant to the terms of the 2026 Notes, the Company elected to pay the full settlement value in cash. The settlement value of a note was based on an average of the daily closing price of the Company's common stock over an averaging period that commenced after the Company received a conversion notice from a note holder. The Company paid approximately $164,649,000 in aggregate settlement value for the $123,163,000 of settled 2026 Notes at the end of the applicable averaging periods. The difference between the amount paid and the principal amount of the settled 2026 Notes of $41,486,000 was recognized as a decrease to additional paid-in capital.
As of December 31, 2012, $15,537,000 of the principal amount of 2026 Notes were outstanding. In January 2013, the Company paid approximately $20,702,000 in aggregate settlement value for the remaining $15,537,000 of outstanding 2026 Notes. The difference between the amount paid and the principal amount of the settled 2026 Notes of $5,028,000 was recognized as a decrease to additional paid-in capital and $137,000 was recorded as interest expense.
As of December 31, 2012, $223,035,000 of the principal amount of the 5.125% convertible senior notes due 2028 (the "2028 Notes") were outstanding. In June 2013, NNN called all of the outstanding 2028 Notes for redemption on July 11, 2013. On July 11, 2013, $130,000 principal amount of the 2028 Notes was settled at par plus accrued interest. The holders of the remaining balance of $222,905,000 principal amount of 2028 Notes elected to convert into cash and shares of the Company's common stock in accordance with the conversion formula which is based on the average daily closing price of NNN's common stock price over a period of 20 days commencing after receipt of a note holder's conversion notice. In 2013, the Company issued 2,407,911 shares of common stock and paid approximately $226,427,000 in aggregate settlement value for the $223,035,000 aggregate principal amount of 2028 Notes outstanding. The difference between the amount paid and the principal amount of the settled notes of $3,197,000 was recognized as a decrease to additional paid-in capital and $195,000 was recorded as interest expense.
NNN recorded the following in interest expense relating to the 2028 Notes and the 2026 Notes for the years ended December 31 (dollars in thousands):

	2013	2012
Noncash interest charges	$2,072	$4,291
Contractual interest expense	5,400	15,744
Amortization of debt costs	566	1,149
	$8,038	$21,184

There was no interest expense related to the 2028 Notes and the 2026 Notes for the year ended December 31, 2014.

Note 8 – Notes Payable:
Each of NNN’s outstanding series of non-convertible notes is summarized in the table below (dollars in thousands):

Notes[1]	Issue Date	Principal	Discount[1]	Net Price	Stated Rate	Effective Rate[2]	Maturity Date
2015[6]	November 2005	$150,000	$390	$149,610	6.150%	6.185%	December 2015
2017[3]	September 2007	250,000	877	249,123	6.875%	6.924%	October 2017
2021[4]	July 2011	300,000	4,269	295,731	5.500%	5.690%	July 2021
2022	August 2012	325,000	4,989	320,011	3.800%	3.984%	October 2022
2023[5]	April 2013	350,000	2,594	347,406	3.300%	3.388%	April 2023
2024[7]	May 2014	350,000	707	349,293	3.900%	3.924%	June 2024

(1) The note discounts are amortized to interest expense over the respective term of each debt obligation using the effective interest method.
(2) Includes the effects of the discount, treasury lock gain/loss and swap gain/loss, as applicable.

(3) NNN entered into an interest rate hedge with a notional amount of $100,000. Upon issuance of the 2017 Notes, NNN terminated the interest rate hedge agreement resulting in a liability of $3,260, of which $3,228 was recorded to other comprehensive income. The liability has been deferred and is being amortized as an adjustment to interest expense over the term of the 2017 Notes using the effective interest method.

(4) NNN entered into two interest rate hedges with a total notional amount of $150,000. Upon issuance of the 2021 Notes, NNN terminated the interest rate hedge agreements resulting in a liability of $5,300, of which $5,218 was deferred in other comprehensive income. The deferred liability is being amortized over the term of the note using the effective interest method.

(5) NNN entered into four forward starting swaps with an aggregate notional amount of $240,000. Upon issuance of the 2023 Notes, NNN terminated the forward starting swaps resulting in a liability of $3,156, of which $3,141 was deferred in other comprehensive income. The deferred liability is being amortized over the term of the note using the effective interest method.

(6) NNN plans to use proceeds from the Credit Facility and/or potential debt or equity offerings to repay the outstanding indebtedness.

(7) NNN entered into three forward starting swaps with an aggregate notional amount of $225,000. Upon issuance of the 2024 Notes, NNN terminated the forward starting swaps resulting in a liability of $6,312, which was deferred in other comprehensive income. The deferred liability is being amortized over the term of the note using the effective interest method.

Each series of the notes represents senior, unsecured obligations of NNN and is subordinated to all secured indebtedness of NNN. Each of the notes is redeemable at the option of NNN, in whole or in part, at a redemption price equal to the sum of (i) the principal amount of the notes being redeemed plus accrued and unpaid interest thereon through the redemption date and (ii) the make-whole amount, if any, as defined in the applicable supplemental indenture relating to the notes.

In connection with the debt offerings, NNN incurred debt issuance costs totaling $15,500,000 consisting primarily of underwriting discounts and commissions, legal and accounting fees, rating agency fees and printing expenses. Debt issuance costs for all note issuances have been deferred and are being amortized over the term of the respective notes using the effective interest method.

In June 2014, NNN repaid the $150,000,000 6.250% notes payable that were due in June 2014.

In accordance with the terms of the indenture, pursuant to which NNN’s notes have been issued, NNN is required to meet certain restrictive financial covenants, which, among other things, require NNN to maintain (i) certain leverage ratios and (ii) certain interest coverage. At December 31, 2014, NNN was in compliance with those covenants.

Note 9 – Preferred Stock:

7.375% Series C Cumulative Redeemable Preferred Stock. In October 2006, NNN issued 3,680,000 depositary shares, each representing 1/100th of a share of Series C Preferred Stock.

In March 2012, NNN redeemed all 3,680,000 outstanding depositary shares representing interests in its Series C Preferred Stock. The Series C Preferred Stock was redeemed at $25.00 per depositary share, plus accumulated and unpaid distributions through the redemption date, for an aggregate redemption price of $25.0768229 per depositary share. The excess carrying amount of preferred stock redeemed over the cash paid to redeem the preferred stock was $3,098,000 of Series C Preferred Stock issuance costs.

NNN completed the following underwritten public offerings of cumulative redeemable preferred stock and are still outstanding ("Preferred Stock Shares") (dollars in thousands, except per share data):

Series	Dividend Rate(1)		Issued	Depositary Shares Outstanding(2)	Gross Proceeds	Stock Issuance Costs(3)	Dividend Per Depositary Share	Earliest Redemption Date(4)
Series D	6.625	%	February 2012	11,500,000	$287,500	$9,855	$1.656250	February 2017
Series E	5.700	%	May 2013	11,500,000	287,500	9,856	1.425000	May 2018

(1) Holders are entitled to receive, when and as authorized by the Board of Directors, cumulative preferential cash dividends.

(2) Representing 1/100th of a preferred share. Each issuance included 1,500,000 depositary shares in connection with the underwriters' over-allotment.

(3) Consisting primarily of underwriting commissions and fees, rating agency fees, legal and accounting fees and printing expenses.

(4) NNN may redeem the preferred stock underlying the depositary shares at a redemption price of $2,500.00 per share (or $25.00 per depositary share), plus all accumulated and unpaid dividends.

The Preferred Stock Shares underlying the depositary shares rank senior to NNN’s common stock with respect to dividend rights and rights upon liquidation, dissolution or winding up of NNN. The Preferred Stock Shares have no maturity date and will remain outstanding unless redeemed. In addition, upon a change of control, as defined in the articles supplementary fixing the rights and preferences of the Preferred Stock Shares, NNN may redeem the Preferred Stock Shares underlying the depositary shares at a redemption price of $2,500.00 per share (or $25.00 per depositary share), plus all accumulated and unpaid dividends, and in limited circumstances the holders of depositary shares may convert some or all of their Preferred Stock Shares into shares of NNN's common stock at conversion rates provided in the related articles supplementary. As of February 20, 2015, the Preferred Stock Shares were not redeemable or convertible.

Note 10 – Common Stock:

In February 2012, NNN filed a shelf registration statement with the Commission which permits the issuance by NNN of an indeterminate amount of debt and equity securities.

In November 2014, NNN filed a prospectus supplement to the prospectus contained in its February 2012 shelf registration statement and issued 5,462,500 shares (including 712,500 shares in connection with the underwriters' over-allotment) of common stock at a price of $38.16 per share and received net proceeds of $199,961,000. In connection with this offering, NNN incurred stock issuance costs totaling approximately $8,488,000, consisting primarily of underwriters' fees and commissions, legal and accounting fees and printing expenses.

In May 2012, NNN established an at-the-market ("ATM") equity program (“2012 ATM”) which allows NNN to sell up to an aggregate of 9,000,000 shares of common stock from time to time through May 2015, of which 8,958,840 shares had been issued as of December 31, 2014. The 2012 ATM will expire in accordance with its terms in May 2015. The following outlines the common stock issuances pursuant to the 2012 ATM for the year ended December 31 (dollars in thousands, except per share data):

	2013	2012
Shares of common stock	4,676,542	4,282,298
Average price per share (net)	$32.60	$29.64
Net proceeds	152,435	126,947
Stock issuance costs (1)	2,161	2,145

(1) Stock issuance costs consist primarily of underwriters' fees and commissions, and legal and accounting fees.

There were no common stock issuances pursuant to the 2012 ATM for the year ended December 31, 2014.

In March 2013, NNN established a second ATM equity program ("2013 ATM") which allows NNN to sell up to an aggregate of 9,000,000 shares of common stock from time to time through March 2015, of which 6,038,812 shares had been issued as of December 31, 2014. The 2013 ATM will expire in accordance with its terms in March 2015. The following table outlines the common stock issuances pursuant to the 2013 ATM for the year ended December 31 (dollars in thousands, except per share data):

	2014	2013
Shares of common stock	3,758,362	2,280,450
Average price per share (net)	$35.90	$37.80
Net proceeds	134,919	86,208
Stock issuance costs (1)	2,195	1,613

(1) Stock issuance costs consist primarily of underwriters' fees and commissions, and legal and accounting fees.

Dividend Reinvestment and Stock Purchase Plan. In February 2012, NNN filed a shelf registration statement with the Commission for its Dividend Reinvestment and Stock Purchase Plan (“DRIP”) which permits the issuance by NNN of 16,000,000 shares of common stock. The following outlines the common stock issuances pursuant to the DRIP for the year ended December 31 (dollars in thousands):

	2014	2013	2012
Shares of common stock	422,406	764,891	2,101,644
Net proceeds	$14,817	$25,407	$56,102

Note 11 – Employee Benefit Plan:
Effective January 1, 1998, NNN adopted a defined contribution retirement plan (the "Retirement Plan") covering substantially all of the employees of NNN. The Retirement Plan permits participants to defer a portion of their compensation, as defined in the Retirement Plan, subject to limits established by the Code. NNN generally matches 60 percent of the first eight percent of a participant's contributions. Additionally, NNN may make discretionary contributions. NNN's contributions to the Retirement Plan for the years ended December 31, 2014, 2013 and 2012 totaled $453,000, $342,000 and $378,000, respectively.

Note 12 – Dividends:
The following presents the characterization for tax purposes of common stock dividends per share paid to stockholders for the years ended December 31:

	2014	2013	2012
Ordinary dividends	$1.306992	$1.224568	$1.199003
Qualified dividends	0.006212	0.056784	0.013346
Capital gain	0.008603	—	0.021358
Unrecaptured Section 1250 Gain	0.015362	0.000650	0.048890
Nontaxable distributions	0.312831	0.317998	0.277403
	$1.650000	$1.600000	$1.560000

The following table outlines the dividends declared and paid for NNN's common stock for the years ended December 31 (in thousands, except per share data):

	2014	2013	2012
Dividends	$204,157	$189,107	$167,495
Per share	1.650	1.600	1.560

On January 15, 2015, NNN declared a dividend of $0.420 per share, which was paid February 17, 2015 to its common stockholders of record as of January 30, 2015.
The following presents the characterization for tax purposes of Series C, D and E Preferred Stock dividends per share paid to stockholders for the year ended December 31:

	Series E		Series D			Series C
	2014	2013	2014	2013	2012	2012
Ordinary dividends	$1.393700	$0.741150	$1.619870	$1.590323	$1.255844	$0.502710
Qualified dividends	0.005738	0.030332	0.006670	0.065084	0.013979	0.005596
Capital gain	0.009177	—	0.010666	—	0.022371	0.008956
Unrecaptured Section 1250 Gain	0.016385	0.000393	0.019044	0.000843	0.051209	0.020498
	$1.425000	$0.771875	$1.656250	$1.656250	$1.343403	$0.537760

The following table outlines the dividends declared and paid for NNN's preferred stock for the years ended December 31(in thousands, except per share data):

	2014	2013	2012
Series C Preferred Stock [1]:			
Dividends	$—	$—	$1,979
Per share	—	—	0.537760
Series D Preferred Stock [2]:			
Dividends	19,047	19,047	15,449
Per share	1.656250	1.656250	1.343403
Series E Preferred Stock [3]:			
Dividends	16,387	8,876	—
Per share	1.425000	0.771875	—

(1) The Series C Preferred Stock was redeemed in March 2012. The dividends paid during the quarter ended March 31, 2012 include accumulated and unpaid dividends through the redemption date.
(2) The Series D Preferred Stock dividends paid during the quarter ended June 30, 2012 include accumulated and unpaid dividends from the issuance date through the declaration date. The Series D Preferred Stock has no maturity date and will remain outstanding unless redeemed.
(3) The Series E Preferred Stock dividends paid during the quarter ended September 30, 2013 include accumulated and unpaid dividends from the issuance date through the declaration date. The Series E Preferred Stock has no maturity date and will remain outstanding unless redeemed.
In February 2015, NNN declared a dividend on its Series D and E Preferred Stock of 41.40625 and 35.62500 cents per depositary share, respectively, payable March 16, 2015.

Note 13 – Income Taxes:
For income tax purposes, NNN has taxable REIT subsidiaries in which certain real estate activities are conducted. NNN treats some depreciation expense and certain other items differently for tax than for financial reporting purposes. The principal differences between NNN’s effective tax rates for the years ended December 31, 2014, 2013 and 2012, and the statutory rates relate to state taxes and nondeductible expenses.
In 2010, NNN acquired the 21.1% non-controlling interest in its majority owned and controlled subsidiary, OAMI, pursuant to which OAMI became a wholly owned subsidiary of NNN. As of December 31, 2014, OAMI has no remaining tax liabilities relating to the built-in gain of its assets.

The significant components of the net income tax asset consist of the following at December 31 (dollars in thousands):

	2014	2013
Deferred tax assets:		
Cost basis	$1,233	$994
Deferred income	113	155
Reserves	2,756	4,728
Credits	434	393
Excess interest expense carryforward	1,689	2,706
Net operating loss carryforward	5,196	5,212
	11,421	14,188
Valuation allowance	(619)	—
Total deferred tax assets	10,802	14,188
Deferred tax liabilities:		
Built-in gain	—	(2,163)
Depreciation	(204)	(618)
Other	(110)	(779)
Total deferred tax liabilities	(314)	(3,560)
Net deferred tax asset	$10,488	$10,628

In assessing the ability to realize a deferred tax asset, management considers whether it is more likely than not that some portion or the entire deferred tax asset will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The net operating loss carryforwards were generated by NNN’s taxable REIT subsidiaries. The net operating loss carryforwards begin to expire in 2028. Based upon the level of historical taxable income and projections for future taxable income management believes it is more likely than not that NNN will realize all of the benefits of these deductible differences that existed as of December 31, 2014 and 2013, with the exception of a 2014 capital loss carryover.

As disclosed in Note 1, during the year ended December 31, 2012, NNN identified certain immaterial errors related to deferred tax assets and the related valuation allowance. NNN decreased deferred tax assets and the related valuation allowance by $10,350,000 each to correct a gross-up error and reversed its valuation allowance by $6,493,000 to reflect an overstatement of its valuation allowance recorded in the years ended December 31, 2010 and 2009. Furthermore, NNN determined in the year ended December 31, 2012 that its available sources of income supported realizability of all of its gross deferred tax assets. In 2012, NNN reversed the remaining valuation allowance and recorded an income tax benefit of $1,178,000.

The increase in the valuation allowance for the year ended December 31, 2014 was $619,000. There was no valuation allowance as of December 31, 2013.

The income tax benefit (expense) consists of the following components for the years ended December 31, (as adjusted) (dollars in thousands):

	2014	2013	2012
Net earnings before income taxes	$190,844	$161,230	$135,124
Provision for income tax benefit (expense):			
Current:			
Federal	(190)	(195)	(136)
State and local	5	(90)	(7)
Deferred:			
Federal	(166)	(790)	5,871
State and local	108	(10)	1,163
Total benefit (expense) for income taxes	(243)	(1,085)	6,891
Net earnings attributable to NNN’s stockholders	$190,601	$160,145	$142,015

The total income tax benefit (expense) differs from the amount computed by applying the statutory federal tax rate to net earnings before taxes as follows for the years ended December 31 (dollars in thousands):

	2014	2013	2012
Federal expense at statutory tax rate	$(64,887)	$(54,818)	$(45,942)
Nontaxable income of NNN	63,353	53,178	44,746
State taxes, net of federal benefit	(196)	(200)	(139)
Amortization of built-in gain tax	372	761	613
Expiration of built-in gain tax	1,792	—	—
Other	(58)	(6)	(58)
Valuation allowance (increase) decrease	(619)	—	7,671
Total tax benefit (expense)	$(243)	$(1,085)	$6,891

In June 2006, the FASB issued additional guidance, which clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements included in Income Taxes. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

NNN, in accordance with FASB guidance included in Income Taxes, has analyzed its various federal and state filing positions. NNN believes that its income tax filing positions and deductions are well documented and supported. Additionally, NNN believes that its accruals for tax liabilities are adequate. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to the FASB guidance. In addition, NNN did not record a cumulative effect adjustment related to the adoption of the FASB guidance.

NNN has had no increases or decreases in unrecognized tax benefits for current or prior years since the date of adoption. Further, no interest or penalties have been included since no reserves were recorded and no significant increases or decreases are expected to occur within the next 12 months. When applicable, such interest and penalties will be recorded in non-operating expenses. The periods that remain open under federal statute are 2011 through 2014. NNN also files in many states with varying open years under statute.

Note 14 – Earnings from Discontinued Operations:
Effective January 1, 2014, NNN has early adopted ASU 2014-08. Under ASU 2014-08, only disposals representing a strategic shift in operations are to be presented as discontinued operations. This requires the Company to continue to classify any Property disposal or Property classified as held for sale as of December 31, 2014, as discontinued operations prospectively. Therefore, the revenues and expenses related to these properties are presented as discontinued operations as of December 31, 2014. The Company did not classify any additional properties as discontinued operations subsequent to December 31, 2013.
The following is a summary of the earnings from discontinued operations for each of the years ended December 31 (dollars in thousands):

	2014	2013	2012
Revenues:			
Rental income from operating leases	$—	$1,666	$6,466
Earned income from direct financing leases	—	190	324
Percentage rent	—	2	27
Real estate expense reimbursement from tenants	23	97	153
Interest and other income from real estate transactions	21	33	13
	44	1,988	6,983
Operating expenses:			
General and administrative	—	6	5
Real estate	9	203	642
Depreciation and amortization	3	343	1,381
Impairment losses and other charges	63	541	6,215
	75	1,093	8,243
Other expenses (revenues):			
Interest expense	—	41	137
Real estate acquisition costs	—	209	10
	—	250	147
Earnings (loss) before gain on disposition of real estate and income tax expense	(31)	645	(1,407)
Gain on disposition of real estate	155	6,272	10,956
Income tax expense	—	(945)	—
Earnings from discontinued operations attributable to NNN, including noncontrolling interests	124	5,972	9,549
Earnings attributable to noncontrolling interests	—	(163)	(24)
Earnings from discontinued operations attributable to NNN	$124	$5,809	$9,525

Note 15 – Derivatives:
In accordance with the guidance on derivatives and hedging, NNN records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.
NNN's objective in using derivatives is to add stability to interest expense and to manage its exposure to interest rate movements or other identified risks. To accomplish this objective, NNN primarily uses treasury locks, forward swaps ("forward hedges") and interest rate swaps as part of its cash flow hedging strategy. Treasury locks and forward starting swaps are used to hedge forecasted debt issuances. Treasury locks designated as cash flow hedges lock in the yield/price of a treasury security. Forward swaps also lock the associated swap spread. Interest rate swaps designated as cash flow hedges hedging the variable cash flows associated with floating rate debt involve the receipt of variable

rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income (outside of earnings) and subsequently reclassified to earnings when the hedged transaction affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings.
NNN discontinues hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, the derivative is re-designated as a hedging instrument or management determines that designation of the derivative as a hedging instrument is no longer appropriate. When hedge accounting is discontinued, NNN continues to carry the derivative at its fair value on the balance sheet, and recognizes any changes in its fair value in earnings or may choose to cash settle the derivative at that time.
The following table outlines NNN's derivatives which were hedging the risk of changes in forecasted interest payments on forecasted issuance of long-term debt (dollars in thousands):

Terminated	Description	Aggregate Notional Amount	Fair Value When Terminated [1]	Fair Value Deferred In Other Comprehensive Income [2]
September 2007	Two interest rate hedges	$100,000	$3,260	$3,228
June 2011	Two treasury locks	150,000	5,300	5,218
April 2013	Four forward starting swaps	240,000	3,156	3,141
May 2014	Three forward starting swaps	225,000	6,312	6,312

(1) Liability
(2) The amount reported in accumulated other comprehensive income will be reclassified to interest expense as interest payments are made on the related notes payable.

As of December 31, 2014, $13,579,000 remains in other comprehensive income related to the effective portion of NNN’s previous interest rate hedges. During the years ended December 31, 2014, 2013 and 2012, NNN reclassified $1,129,000, $438,000 and $231,000 out of other comprehensive income as an increase to interest expense. Over the next 12 months, NNN estimates that an additional $1,685,000 will be reclassified as an increase in interest expense. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on NNN’s long-term debt.
NNN does not use derivatives for trading or speculative purposes or currently have any derivatives that are not designated as hedges. NNN had no derivative financial instruments outstanding at December 31, 2014.

Note 16 – Performance Incentive Plan:
In June 2007, NNN filed a registration statement on Form S-8 with the Commission which permits the issuance of up to 5,900,000 shares of common stock pursuant to NNN’s 2007 Performance Incentive Plan (the “2007 Plan”). The 2007 Plan replaced NNN’s previous Performance Incentive Plan. The 2007 Plan allows NNN to award or grant to key employees, directors and persons performing consulting or advisory services for NNN or its affiliates, stock options, stock awards, stock appreciation rights, Phantom Stock Awards, Performance Awards and Leveraged Stock Purchase Awards, each as defined in the 2007 Plan.

There were no stock options outstanding or exercisable at December 31, 2014.

Pursuant to the 2007 Plan, NNN has granted and issued shares of restricted stock to certain officers and key associates of NNN. The following summarizes the restricted stock activity for the year ended December 31, 2014:

	Number of Shares	Weighted Average Share Price
Non-vested restricted shares, January 1	808,186	$28.18
Restricted shares granted	371,434	33.38
Restricted shares vested	(162,622)	23.77
Restricted shares forfeited	—	—
Restricted shares repurchased	(11,354)	26.69
Non-vested restricted shares, December 31	1,005,644	$30.93

Compensation expense for the restricted stock which is not contingent upon NNN's performance goals is determined based upon the fair value at the date of grant and is recognized as the greater of the amount amortized over a straight lined basis or the amount vested over the vesting periods. Vesting periods for officers and key associates of NNN range from three to five years and generally vest yearly. NNN recognizes compensation expense on a straight-line basis for awards with only service conditions.

During the years ended December 31, 2014 and 2013, NNN granted 177,433 and 152,901, respectively, performance based shares subject to its total shareholder return growth after a three years period relative to its peers. The shares were granted to certain executive officers and had weighted average grant price of $33.42 and $33.73, respectively, per share. Once the performance criteria are met and the actual number of shares earned is determined, the shares vest immediately. For the 2014 and 2013 grants, the conditions are based on market conditions, and the fair value was determined at the grant date (for a fair value share price of $21.92 and $21.54, respectively). Compensation expense is recognized over the requisite service period for both grants.

The following summarizes other grants made during the year ended December 31, 2014, pursuant to the 2007 Plan.

	Shares	Weighted Average Share Price
Other share grants under the 2007 Plan:		
Directors' fees	14,999	$35.17
Deferred directors' fees	16,061	35.20
	31,060	$35.19
Shares available under the 2007 Plan for grant, end of period	3,588,241	

The total compensation cost for share-based payments for the years ended December 31, 2014, 2013 and 2012, totaled $9,224,000, $7,459,000 and $8,131,000, respectively, of such compensation expense. At December 31, 2014, NNN had $12,852,000 of unrecognized compensation cost related to non-vested share-based compensation arrangements under the 2007 Plan. This cost is expected to be recognized over a weighted average period of 2.4 years. In addition, NNN recognized performance based long-term incentive cash compensation expense of $729,000 and $1,684,000 for the years ended December 31, 2013 and 2012 respectively. There was no long-term incentive cash recognized in 2014.

Note 17 – Fair Value of Financial Instruments:

NNN believes the carrying value of its Credit Facility approximates fair value based upon its nature, terms and variable interest rate. NNN believes that the carrying value of its cash and cash equivalents, mortgages, notes and other receivables, mortgages payable and other liabilities at December 31, 2014 and 2013, approximate fair value based upon current market prices of similar issues. At December 31, 2014 and 2013, the carrying value and fair value of NNN's notes payable, collectively, was $1,813,439,000 and $1,555,672,000, respectively, based upon quoted market prices, which are a Level 1 input.

Note 18 – Quarterly Financial Data (unaudited):

The following table outlines NNN's quarterly financial data (dollars in thousands, except per share data):

2014	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues as originally reported [1]	$104,064	$105,613	$109,856	$115,315
Net earnings attributable to NNN's stockholders	$43,333	$45,571	$47,940	$53,757
Net earnings per share [2]:				
Basic	$0.28	$0.30	$0.31	$0.35
Diluted	0.28	0.30	0.31	0.35
2013				
Revenues as originally reported	$92,565	$96,121	$100,621	$103,648
Reclassified to discontinued operations	(100)	173	155	344
Adjusted revenue	$92,465	$96,294	$100,776	$103,992
Net earnings attributable to NNN's stockholders	$34,066	$37,486	$44,352	$44,241
Net earnings per share [2]:				
Basic	$0.26	$0.28	$0.29	$0.29
Diluted	0.25	0.27	0.29	0.29

(1) No revenues were reclassified to discontinued operations.

(2) Calculated independently for each period and consequently, the sum of the quarters may differ from the annual amount.

Note 19 – Segment Information:

For the years ended December 31, 2014, 2013 and 2012, NNN's operations are reported within one business segment in the consolidated financial statements and all properties are part of the Properties or Property Portfolio.

Note 20 – Fair Value Measurements:

NNN currently values its Residuals based upon a valuation which provides a discounted cash flow analysis based upon prepayment speeds, expected loan losses and yield curves. These valuation inputs are generally considered unobservable; therefore, the Residuals are considered Level 3 financial assets. The table below presents a rollforward of the Residuals during the year ended December 31, 2014 (dollars in thousands):

Balance at beginning of period	$11,721
Total gains (losses) – realized/unrealized:	
Included in earnings	(256)
Included in other comprehensive income	1,038
Interest income on Residuals	1,834
Cash received from Residuals	(2,711)
Purchases, sales, issuances and settlements, net	—
Transfers in and/or out of Level 3	—
Balance at end of period	$11,626
Changes in gains (losses) included in earnings attributable to a change in unrealized gains (losses) relating to assets still held at the end of period	$163

Note 21 – Major Tenants:

As of December 31, 2014, NNN had no tenants that accounted for ten percent or more of its rental and earned income.

Note 22 – Commitments and Contingencies:
In the ordinary course of its business, NNN is a party to various other legal actions which management believes are routine in nature and incidental to the operation of the business of NNN. Management believes that the outcome of the proceedings will not have a material adverse effect upon its operations, financial condition or liquidity.

Note 23 – Subsequent Events:
NNN reviewed all subsequent events and transactions that have occurred after December 31, 2014, the date of the consolidated balance sheet. There were no reportable subsequent events or transactions.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
None.

Item 9A. Controls and Procedures
Process for Assessment and Evaluation of Disclosure Controls and Procedures and Internal Control over Financing Reporting.
NNN carried out an assessment as of December 31, 2014, of the effectiveness of the design and operation of its disclosure controls and procedures and its internal control over financial reporting. This assessment was done under the supervision and with the participation of management, including NNN's Chief Executive Officer and Chief Financial Officer. Rules adopted by the Securities and Exchange Commission (the "Commission") require NNN to present the conclusions of the Chief Executive Officer and Chief Financial Officer about the effectiveness of NNN's disclosure controls and procedures and the conclusions of NNN's management about the effectiveness of NNN's internal control over financial reporting as of the end of the period covered by this annual report.
CEO and CFO Certifications. Included as Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K are forms of "Certification" of NNN's Chief Executive Officer and Chief Financial Officer. The forms of Certification are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This section of the Annual Report on Form 10-K that stockholders are currently reading is the information concerning the assessment referred to in the Section 302 certifications and this information should be read in conjunction with the Section 302 certifications for a more complete understanding of the topics presented.
Disclosure Controls and Procedures and Internal Control over Financial Reporting. Disclosure controls and procedures are designed with the objective of providing reasonable assurance that information required to be disclosed in NNN's reports filed or submitted under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures are also designed with the objective of providing reasonable assurance that such information is accumulated and communicated to NNN's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.
Internal control over financial reporting is a process designed by, or under the supervision of, NNN's Chief Executive Officer and Chief Financial Officer, and affected by NNN's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP") and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of NNN's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that NNN's receipts and expenditures are being made in accordance with authorizations of management or the Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of NNN's assets that could have a material adverse effect on NNN's financial statements.

Scope of the Assessments. The assessment by NNN's Chief Executive Officer and Chief Financial Officer of NNN's disclosure controls and procedures and the assessment by NNN's management, including NNN's Chief Executive Officer and Chief Financial Officer, of NNN's internal control over financial reporting included a review of procedures and discussions with NNN's management and others at NNN. In the course of the assessments, NNN sought to identify data errors, control problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, were being undertaken.
NNN's internal control over financial reporting is also assessed on an ongoing basis by personnel in NNN's Accounting department and by NNN's internal auditors in connection with their internal audit activities. The overall goals of these various assessment activities are to monitor NNN's disclosure controls and procedures and NNN's internal control over financial reporting and to make modifications as necessary. NNN's intent in this regard is that the disclosure controls and procedures and the internal control over financial reporting will be maintained and updated (including with

improvements and corrections) as conditions warrant. Management also sought to deal with other control matters in the assessment, and in each case if a problem was identified, management considered what revision, improvement and/or correction was necessary to be made in accordance with NNN's on-going procedures. The assessments of NNN's disclosure controls and procedures and NNN's internal control over financial reporting is done on a quarterly basis so that the conclusions concerning effectiveness of those controls can be reported in NNN's Quarterly Reports on Form 10-Q and Annual Report on Form 10-K.

Assessment of Effectiveness of Disclosure Controls and Procedures.

Based upon the assessments, NNN's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2014, NNN's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting.

Management, including NNN's Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting for NNN. Management used the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – 2013 Integrated Framework to assess the effectiveness of NNN's internal control over financial reporting. Based upon the assessments, NNN's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2014, NNN's internal control over financial reporting was effective.

Attestation Report of the Registered Public Accounting Firm.

Ernst & Young LLP, NNN's independent registered public accounting firm, audited the financial statements included in this Annual Report on Form 10-K and in connection therewith has issued an attestation report on NNN's effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting.

During the three months ended December 31, 2014, there were no changes in NNN's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, NNN's internal control over financial reporting.

Limitations on the Effectiveness of Controls.

Management, including NNN's Chief Executive Officer and Chief Financial Officer, do not expect that NNN's disclosure controls and procedures or NNN's internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within NNN have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management's override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance
Reference is made to the Registrant’s definitive proxy statement to be filed with the Commission pursuant to Regulation 14(a); information responsive to this Item is included in the Registrant's proxy statement including the information, without limitation, contained in the sections thereof captioned “Proposal I: Election of Directors – Nominees,” “Proposal I: Election of Directors – Executive Officers,” “Proposal I: Election of Directors – Code of Business Conduct” and “Security Ownership ”, and such information in such sections is incorporated herein by reference.

Item 11. Executive Compensation
Reference is made to the Registrant’s definitive proxy statement to be filed with the Commission pursuant to Regulation 14(a); information responsive to this Item is included in the Registrant's proxy statement including the information, without limitation, contained in the sections thereof captioned “Proposal I: Election of Directors – Compensation of Directors,” “Executive Compensation” and “Compensation Committee Report”, and such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Reference is made to the Registrant’s definitive proxy statement to be filed with the Commission pursuant to Regulation 14(a); information responsive to this Item is included in the Registrant's proxy statement including the information, without limitation, contained in the section thereof captioned “Executive Compensation – Equity Compensation Plan Information,” and “Security Ownership”, and such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence
Reference is made to the Registrant’s definitive proxy statement to be filed with the Commission pursuant to Regulation 14(a); information responsive to this Item is included in the Registrant's proxy statement including the information, without limitation, contained in the section thereof captioned “Certain Relationships and Related Transactions” and such information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services
Reference is made to the Registrant’s definitive proxy statement to be filed with the Commission pursuant to Regulation 14(a); information responsive to this Item is included in the Registrant's proxy statement including the information, without limitation, contained in the section thereof captioned “Audit Committee Report” and “Proposal II: Proposal to Ratify Independent Registered Public Accounting Firm”, and such information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report

(1) Financial Statements

(2) Financial Statement Schedules

Schedule III – Real Estate and Accumulated Depreciation and Amortization and Notes as of December 31, 2014

Schedule IV – Mortgage Loans on Real Estate and Notes as of December 31, 2014

All other schedules are omitted because they are not applicable or because the required information is shown in the financial statements or the notes thereto.

(3) Exhibits

The following exhibits are filed as a part of this report.

3. Articles of Incorporation and Bylaws

3.1	First Amended and Restated Articles of Incorporation of the Registrant, as amended (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 3, 2012, and incorporated herein by reference).
3.2	Articles Supplementary Establishing and Fixing the Rights and Preferences of 6.625% Series D Cumulative Preferred Stock, par value $0.01 per share, dated February 21, 2012 (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated February 23, 2012, incorporated herein by reference).
3.3	Articles Supplementary Establishing and Fixing the Rights and Preferences of 5.700% Series E Cumulative Preferred Stock, par value $0.01 per share, dated May 29, 2013 (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated May 30, 2013, incorporated herein by reference).
3.4	

Third Amended and Restated Bylaws of the Registrant, dated May 1, 2006, as amended (filed as Exhibit 3.4 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).

3.5	Second Amendment to the Third Amended and Restated Bylaws of the Registrant, dated December 13, 2007 (filed as Exhibit 3.5 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).
3.6	Third Amendment to the Third Amended and Restated Bylaws of the Registrant, dated February 13, 2014 (filed as Exhibit 3.6 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).

4. Instruments Defining the Rights of Security Holders, Including Indentures

4.1	Specimen Certificate of Common Stock, par value $0.01 per share, of the Registrant (filed as Exhibit 3.4 to the Registrant's Registration Statement No. 1-11290 on Form 8-B filed with the Securities and Exchange Commission and incorporated herein by reference).

4.2	Indenture, dated as of March 25, 1998, between the Registrant and First Union National Bank, as trustee (filed as Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 (Registration No. 333-132095) filed with the Securities and Exchange Commission on February 28, 2006, and incorporated herein by reference).
4.3	Form of Supplemental Indenture No. 6 dated as of November 17, 2005, by and among Registrant and Wachovia Bank, National Association, Trustee, relating to $150,000,000 of 6.15% Notes due 2015 (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated November 14, 2005 and filed with the Securities and Exchange Commission on November 17, 2005, and incorporated herein by reference).
4.4	Form of 6.15% Notes due 2015 (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated November 14, 2005 and filed with the Securities and Exchange Commission on November 17, 2005, and incorporated herein by reference).
4.5	Specimen certificate representing the 6.625% Series D Cumulative Redeemable Preferred Stock, par value $.01 per share, of the Registrant (filed as Exhibit 4.4 to the Registrant's Registration Statement on Form 8-A dated February 22, 2012 and filed with the Securities and Exchange Commission on February 22, 2012, and incorporated herein by reference).
4.6	Deposit Agreement, among the Registrant, American Stock Transfer & Trust Company, as Depositary, and the holders of depositary receipts (filed as Exhibit 4.20 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).
4.7	Form of Supplemental Indenture No. 8 between National Retail Properties, Inc. and U.S. Bank National Association relating to 6.875% Notes due 2017 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated and filed with the Securities and Exchange Commission on September 4, 2007, and incorporated herein by reference).
4.8	Form of 6.875% Notes due 2017 (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated and filed with the Securities and Exchange Commission on September 4, 2007, and incorporated herein by reference).
4.9	Form of Tenth Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 5.500% Notes due 2021 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated July 6, 2011 and filed with the Securities and Exchange Commission on July 6, 2011, and incorporated herein by reference).
4.10	Form of 5.500% Notes due 2021 (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated July 6, 2011 and filed with the Securities and Exchange Commission on July 6, 2011, and incorporated herein by reference).
4.11	Form of Eleventh Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 3.80% Notes due 2022 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated August 14, 2012, filed with the Securities and Exchange Commission on August 14, 2012 and incorporated herein by reference).
4.12	Form of 3.800% Notes due 2022 (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K dated August 14, 2012, filed with the Securities and Exchange Commission on August 14,

	2012 and incorporated herein by reference).
4.13	Form of Twelfth Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 3.300% Notes due 2023 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated April 9, 2013, filed with the Securities and Exchange Commission on April 15, 2013 and incorporated herein by reference).
4.14	Form of 3.300% Notes due 2023 (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K dated April 9, 2013, filed with the Securities and Exchange Commission on April 15, 2013 and incorporated herein by reference).
4.15	Specimen certificate representing the 5.700% Series E Cumulative Redeemable Preferred Stock, par value $.01 per share, of the Registrant (filed as Exhibit 4.3 to the Registrant’s Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 30, 2013 and incorporated herein by reference).
4.16	Deposit Agreement, among the Registrant, American Stock Transfer & Trust Company, as Depositary, and the holders of depositary receipts (filed as Exhibit 4.1 to the Registrant’s Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 30, 2013 and incorporated herein by reference).

4.17	Form of Thirteenth Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 3.900% Notes due 2024 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K and filed with the Securities and Exchange Commission on May 14, 2014, and incorporated herein by reference).
4.18	Form of 3.900% Notes due 2024 (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K and filed with the Securities and Exchange Commission on May 14, 2014, and incorporated herein by reference).

10. Material Contracts

10.1	2007 Performance Incentive Plan (filed as Annex A to the Registrant’s 2007 Annual Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 3, 2007, and incorporated herein by reference).
10.2	Form of Restricted Stock Agreement between NNN and the Participant of NNN (filed as Exhibit 10.2 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 15, 2005, and incorporated herein by reference).
10.3	Employment Agreement dated as of December 1, 2008, between the Registrant and Craig Macnab (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.4	Employment Agreement dated as of December 1, 2008, between the Registrant and Julian E. Whitehurst (filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.5	Employment Agreement dated as of December 1, 2008, between the Registrant and Kevin B. Habicht (filed as Exhibit 10.3 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.6	Employment Agreement dated as of December 1, 2008, between the Registrant and Paul E. Bayer (filed as Exhibit 10.5 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.7	Employment Agreement dated as of December 1, 2008, between the Registrant and Christopher P. Tessitore (filed as Exhibit 10.4 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.8	Form of Indemnification Agreement (as entered into between the Registrant and each of its directors and executive officers) (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K dated and filed with the Securities and Exchange Commission on June 12, 2009, and incorporated herein by reference).

10.9	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Craig Macnab (filed as Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.10	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Julian E. Whitehurst (filed as Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.11	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Kevin B. Habicht (filed as Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.12	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Paul E. Bayer (filed as Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.13	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Christopher P. Tessitore (filed as Exhibit 10.14 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).

10.14	Amended and Restated Credit Agreement, dated as of May 25, 2011, by and among the Registrant, certain lenders and Wells Fargo Bank, National Association, as the Administrative Agent (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 6, 2011, and incorporated herein by reference).
10.15	Form of Restricted Award Agreement - Performance between NNN and the Participant of NNN (filed as Exhibit 10.15 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).
10.16	Form of Restricted Award Agreement - Service between NNN and the Participant of NNN (filed as Exhibit 10.16 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).
10.17	Form of Restricted Award Agreement - Special Grant between NNN and the Participant of NNN (filed as Exhibit 10.17 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).
10.18	First Amendment to Amended and Restated Credit Agreement, dated as of October 31, 2012, by and among the Registrant, certain lenders and Wells Fargo Bank, National Association, as the Administrative Agent (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 1, 2012, and incorporated herein by reference).
10.19	Employment Agreement dated as of January 2, 2014, between the Registrant and Stephen A. Horn, Jr. (filed as Exhibit 10.19 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).
10.20	Second Amendment to Amended and Restated Credit Agreement, dated as of October 27, 2014, by and among the Registrant, certain lenders and Wells Fargo Bank, National Association, as the Administrative Agent (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 28, 2014, and incorporated herein by reference).

12. Statement of Computation of Ratios of Earnings to Fixed Charges (filed herewith).

21. Subsidiaries of the Registrant (filed herewith).

23. Consent of Independent Accountants

23.1	Ernst & Young LLP dated February 20, 2015 (filed herewith).

24. Power of Attorney (included on signature page).

31. Section 302 Certifications

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32. Section 906 Certifications

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

99. Additional Exhibits

99.1 Certification of Chief Executive Officer pursuant to Section 303A.12(a) of the New York Stock Exchange Listed Company Manual (filed herewith).

101. Interactive Data File	
101.1	The following materials from National Retail Properties, Inc. Annual Report on Form 10-K for the period ended December 31, 2014, are formatted in Extensible Business Reporting Language: (i) consolidated balance sheets, (ii) consolidated statements of comprehensive income, (iii) consolidated statements of cash flows, and (iv) notes to consolidated financial statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 20th day of February, 2015.

NATIONAL RETAIL PROPERTIES, INC.

By: /s/ Craig Macnab
Craig Macnab
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints each of Craig Macnab and Kevin B. Habicht as his attorney-in-fact and agent, with full power of substitution and resubstitution for him in any and all capacities, to sign any or all amendments to this report and to file same, with exhibits thereto and other documents in connection therewith, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary in connection with such matters and hereby ratifying and confirming all that such attorney-in-fact and agent or his substitutes may do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Craig Macnab Craig Macnab	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 20, 2015
/s/ Ted B. Lanier Ted B. Lanier	Lead Director	February 20, 2015
/s/ Don DeFosset Don DeFosset	Director	February 20, 2015
/s/ David M. Fick David M. Fick	Director	February 20, 2015
/s/ Edward J. Fritsch Edward J. Fritsch	Director	February 20, 2015
/s/ Richard B. Jennings Richard B. Jennings	Director	February 20, 2015
/s/ Robert C. Legler Robert C. Legler	Director	February 20, 2015
/s/ Robert Martinez Robert Martinez	Director	February 20, 2015
/s/ Kevin B. Habicht Kevin B. Habicht	Director, Chief Financial Officer (Principal Financial and Accounting Officer), Executive Vice President, Assistant Secretary and Treasurer	February 20, 2015

Exhibit Index

3. Articles of Incorporation and Bylaws

3.1	First Amended and Restated Articles of Incorporation of the Registrant, as amended (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 3, 2012, and incorporated herein by reference).
3.2	Articles Supplementary Establishing and Fixing the Rights and Preferences of 6.625% Series D Cumulative Preferred Stock, par value $0.01 per share, dated February 21, 2012 (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated February 23, 2012, incorporated herein by reference).
3.3	Articles Supplementary Establishing and Fixing the Rights and Preferences of 5.700% Series E Cumulative Preferred Stock, par value $0.01 per share, dated May 29, 2013 (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated May 30, 2013, incorporated herein by reference).
3.4	Third Amended and Restated Bylaws of the Registrant, dated May 1, 2006, as amended (filed as Exhibit 3.4 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).
3.5	Second Amendment to the Third Amended and Restated Bylaws of the Registrant, dated December 13, 2007 (filed as Exhibit 3.5 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).
3.6	Third Amendment to the Third Amended and Restated Bylaws of the Registrant, dated February 13, 2014 (filed as Exhibit 3.6 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).

4. Instruments Defining the Rights of Security Holders, Including Indentures

4.1	Specimen Certificate of Common Stock, par value $0.01 per share, of the Registrant (filed as Exhibit 3.4 to the Registrant's Registration Statement No. 1-11290 on Form 8-B filed with the Securities and Exchange Commission and incorporated herein by reference).
4.2	Indenture, dated as of March 25, 1998, between the Registrant and First Union National Bank, as trustee (filed as Exhibit 4.4 to the Registrant's Registration Statement on Form S-3 (Registration No. 333-132095) filed with the Securities and Exchange Commission on February 28, 2006, and incorporated herein by reference).
4.3	Form of Supplemental Indenture No. 6 dated as of November 17, 2005, by and among Registrant and Wachovia Bank, National Association, Trustee, relating to $150,000,000 of 6.15% Notes due 2015 (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated November 14, 2005 and filed with the Securities and Exchange Commission on November 17, 2005, and incorporated herein by reference).
4.4	Form of 6.15% Notes due 2015 (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated November 14, 2005 and filed with the Securities and Exchange Commission on November 17, 2005, and incorporated herein by reference).

4.5	Specimen certificate representing the 6.625% Series D Cumulative Redeemable Preferred Stock, par value $.01 per share, of the Registrant (filed as Exhibit 4.4 to the Registrant's Registration Statement on Form 8-A dated February 22, 2012 and filed with the Securities and Exchange Commission on February 22, 2012, and incorporated herein by reference).
4.6	Deposit Agreement, among the Registrant, American Stock Transfer & Trust Company, as Depositary, and the holders of depositary receipts (filed as Exhibit 4.20 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).
4.7	Form of Supplemental Indenture No. 8 between National Retail Properties, Inc. and U.S. Bank National Association relating to 6.875% Notes due 2017 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated and filed with the Securities and Exchange Commission on September 4, 2007, and incorporated herein by reference).
4.8	Form of 6.875% Notes due 2017 (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated and filed with the Securities and Exchange Commission on September 4, 2007, and incorporated herein by reference).

4.9	Form of Tenth Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 5.500% Notes due 2021 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated July 6, 2011 and filed with the Securities and Exchange Commission on July 6, 2011, and incorporated herein by reference).
4.1	Form of 5.500% Notes due 2021 (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated July 6, 2011 and filed with the Securities and Exchange Commission on July 6, 2011, and incorporated herein by reference).
4.11	Form of Eleventh Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 3.80% Notes due 2022 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated August 14, 2012, filed with the Securities and Exchange Commission on August 14, 2012 and incorporated herein by reference).
4.12	Form of 3.800% Notes due 2022 (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K dated August 14, 2012, filed with the Securities and Exchange Commission on August 14, 2012 and incorporated herein by reference).
4.13	Form of Twelfth Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 3.300% Notes due 2023 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated April 9, 2013, filed with the Securities and Exchange Commission on April 15, 2013 and incorporated herein by reference).
4.14	Form of 3.300% Notes due 2023 (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K dated April 9, 2013, filed with the Securities and Exchange Commission on April 15, 2013 and incorporated herein by reference).
4.15	Specimen certificate representing the 5.700% Series E Cumulative Redeemable Preferred Stock, par value $.01 per share, of the Registrant (filed as Exhibit 4.3 to the Registrant’s Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 30, 2013 and incorporated herein by reference).
4.16	Deposit Agreement, among the Registrant, American Stock Transfer & Trust Company, as Depositary, and the holders of depositary receipts (filed as Exhibit 4.1 to the Registrant’s Registration Statement on Form 8-A filed with the Securities and Exchange Commission on May 30, 2013 and incorporated herein by reference).
4.17	Form of Thirteenth Supplemental Indenture between National Retail Properties, Inc. and U.S. Bank National Association relating to 3.900% Notes due 2024 (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K and filed with the Securities and Exchange Commission on May 14, 2014, and incorporated herein by reference).
4.18	Form of 3.900% Notes due 2024 (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K and filed with the Securities and Exchange Commission on May 14, 2014, and incorporated herein by reference).

10. Material Contracts

10.1	2007 Performance Incentive Plan (filed as Annex A to the Registrant’s 2007 Annual Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 3, 2007, and

	incorporated herein by reference).
10.2	Form of Restricted Stock Agreement between NNN and the Participant of NNN (filed as Exhibit 10.2 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 15, 2005, and incorporated herein by reference).
10.3	Employment Agreement dated as of December 1, 2008, between the Registrant and Craig Macnab (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.4	Employment Agreement dated as of December 1, 2008, between the Registrant and Julian E. Whitehurst (filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.5	Employment Agreement dated as of December 1, 2008, between the Registrant and Kevin B. Habicht (filed as Exhibit 10.3 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.6	Employment Agreement dated as of December 1, 2008, between the Registrant and Paul E. Bayer (filed as Exhibit 10.5 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).

10.7	Employment Agreement dated as of December 1, 2008, between the Registrant and Christopher P. Tessitore (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2008, and incorporated herein by reference).
10.8	Form of Indemnification Agreement (as entered into between the Registrant and each of its directors and executive officers) (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated and filed with the Securities and Exchange Commission on June 12, 2009, and incorporated herein by reference).
10.9	Amendment to Employment Agreement, dated as of November 8, 2010, between the Registrant and Craig Macnab (filed as Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.10	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Julian E. Whitehurst (filed as Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.11	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Kevin B. Habicht (filed as Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.12	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Paul E. Bayer (filed as Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.13	Amendment to Employment Agreement dated as of November 8, 2010, between the Registrant and Christopher P. Tessitore (filed as Exhibit 10.14 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2011, and incorporated herein by reference).
10.14	Amended and Restated Credit Agreement, dated as of May 25, 2011, by and among the Registrant, certain lenders and Wells Fargo Bank, National Association, as the Administrative Agent (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 6, 2011, and incorporated herein by reference).
10.15	Form of Restricted Award Agreement - Performance between NNN and the Participant of NNN (filed as Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).
10.16	Form of Restricted Award Agreement - Service between NNN and the Participant of NNN (filed as Exhibit 10.16 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).
10.17	Form of Restricted Award Agreement - Service between NNN and the Participant of NNN (filed as Exhibit 10.17 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2012, and incorporated herein by reference).

10.18	First Amendment to Amended and Restated Credit Agreement, dated as of October 31, 2012, by and among the Registrant, certain lenders and Wells Fargo Bank, National Association, as the Administrative Agent (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 1, 2012, and incorporated herein by reference).
10.19	Employment Agreement dated as of January 2, 2014, between the Registrant and Stephen A. Horn, Jr. (filed as Exhibit 10.19 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2014, and incorporated herein by reference).
10.20	Second Amendment to Amended and Restated Credit Agreement, dated as of October 27, 2014, by and among the Registrant, certain lenders and Wells Fargo Bank, National Association, as the Administrative Agent (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 28, 2014, and incorporated herein by reference).

12. Statement of Computation of Ratios of Earnings to Fixed Charges (filed herewith).

21. Subsidiaries of the Registrant (filed herewith).

23. Consent of Independent Accountants

23.1	Ernst & Young LLP dated February 20, 2015 (filed herewith).

24. Power of Attorney (included on signature page).

31. Section 302 Certifications

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

32. Section 906 Certifications

32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

99. Additional Exhibits

99.1	Certification of Chief Executive Officer pursuant to Section 303A.12(a) of the New York Stock Exchange Listed Company Manual (filed herewith).

101. Interactive Data File

101.1	The following materials from National Retail Properties, Inc. Annual Report on Form 10-K for the period ended December 31, 2014, are formatted in Extensible Business Reporting Language: (i) consolidated balance sheets, (ii) consolidated statements of comprehensive income, (iii) consolidated statements of cash flows, and (iv) notes to consolidated financial statements.

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NATIONAL RETAIL PROPERTIES, INC. AND SUBSIDIARIES
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION AND AMORTIZATION
December 31, 2014
(Dollars in thousands)

	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building, Improvements & Leasehold Interests	Costs Capitalized Subsequent to Acquisition: Improvements	Costs Capitalized Subsequent to Acquisition: Carrying Costs	Gross Amount at Which Carried at Close of Period (a) (b): Land	Gross Amount: Building, Improvements & Leasehold Interests	Gross Amount: Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
7-Eleven:												
Tampa, FL	—	1,081	917	—	—	1,070	917	1,987	362	1999	12/98	(g) 40
Austin, TX	—	259	1,361	—	—	259	1,361	1,620	170	1985	11/11	25
Austin, TX	—	900	3,571	—	—	900	3,571	4,471	319	2004	11/11	35
Austin, TX	—	1,101	2,987	—	—	1,101	2,987	4,088	267	2006	11/11	35
Beaumont, TX	—	115	1,543	—	—	115	1,543	1,658	161	1996	11/11	30
Beaumont, TX	—	124	2,968	—	—	124	2,968	3,092	309	1996	11/11	30
Beaumont, TX	—	239	2,031	—	—	239	2,031	2,270	181	2002	11/11	35
Bloomington, TX	—	38	3,093	—	—	38	3,093	3,131	387	1985	11/11	25
Bryan, TX	—	479	3,561	—	—	479	3,561	4,040	371	2000	11/11	30
Canyon Lake, TX	—	144	1,830	—	—	144	1,830	1,974	229	1977	11/11	25
Cedar Park, TX	—	833	1,705	—	—	833	1,705	2,538	152	2002	11/11	35
College Station, TX	—	393	3,342	—	—	393	3,342	3,735	348	2000	11/11	30
Corpus Christi, TX	—	661	2,624	—	—	661	2,624	3,285	273	1999	11/11	30
Corpus Christi, TX	—	412	2,356	—	—	412	2,356	2,768	245	1999	11/11	30
Corpus Christi, TX	—	450	1,370	—	—	450	1,370	1,820	143	1996	11/11	30
Corpus Christi, TX	—	383	3,093	—	—	383	3,093	3,476	276	2006	11/11	35
Edinburg, TX	—	431	2,193	—	—	431	2,193	2,624	228	1999	11/11	30

Edna, TX	—	67	1,897	—	—	67	1,897	1,964	237	1976	11/11	25
Harlingen, TX	—	230	2,356	—	—	230	2,356	2,586	245	2000	11/11	30
Kingsland, TX	—	153	2,691	—	—	153	2,691	2,844	336	1972	11/11	25
Kingsville, TX	—	163	1,485	—	—	163	1,485	1,648	186	1990	11/11	25
Laredo, TX	—	335	2,509	—	—	335	2,509	2,844	261	1999	11/11	30
Laredo, TX	—	421	3,016	—	—	421	3,016	3,437	314	1998	11/11	30
Laredo, TX	—	412	1,476	—	—	412	1,476	1,888	154	2001	11/11	30
Laredo, TX	—	441	1,935	—	—	441	1,935	2,376	173	2002	11/11	35
Laredo, TX	—	938	5,829	—	—	938	5,829	6,767	607	1995	11/11	30
Mercedes, TX	—	556	1,523	—	—	556	1,523	2,079	159	1998	11/11	30
Palacios, TX	—	29	1,667	—	—	29	1,667	1,696	208	1984	11/11	25
Pflugerville, TX	—	996	2,336	—	—	996	2,336	3,332	209	2002	11/11	35
Portland, TX	—	488	4,710	—	—	488	4,710	5,198	491	1999	11/11	30
Rio Bravo, TX	—	355	1,351	—	—	355	1,351	1,706	121	2002	11/11	35
Rockport, TX	—	660	4,269	—	—	660	4,269	4,929	381	2008	11/11	35
Round Rock, TX	—	661	1,140	—	—	661	1,140	1,801	119	2000	11/11	30
San Antonio, TX	—	441	1,313	—	—	441	1,313	1,754	137	1999	11/11	30
San Juan, TX	—	565	1,179	—	—	565	1,179	1,744	123	1999	11/11	30
Victoria, TX	—	431	2,298	—	—	431	2,298	2,729	239	1986	11/11	30
Victoria, TX	—	259	2,346	—	—	259	2,346	2,605	244	1984	11/11	30
West Orange, TX	—	220	2,088	—	—	220	2,088	2,308	217	1993	11/11	30
Winnie, TX	—	115	4,566	—	—	115	4,566	4,681	408	2002	11/11	35
Austin, TX	—	1,215	4,524	—	—	1,215	4,524	5,739	393	2004	12/11	35
Austin, TX	—	488	2,163	—	—	488	2,163	2,651	219	2000	12/11	30
Austin, TX	—	938	1,436	—	—	938	1,436	2,374	146	1998	12/11	30
Austin, TX	—	756	2,870	—	—	756	2,870	3,626	291	1999	12/11	30
Austin, TX	—	679	1,905	—	—	679	1,905	2,584	193	1999	12/11	30
Austin, TX	—	775	4,677	—	—	775	4,677	5,452	474	1996	12/11	30
Austin, TX	—	861	3,004	—	—	861	3,004	3,865	305	2001	12/11	30
Austin, TX	—	880	1,790	—	—	880	1,790	2,670	181	1998	12/11	30
Austin, TX	—	689	1,732	—	—	689	1,732	2,421	176	1999	12/11	30
Austin, TX	—	612	3,061	—	—	612	3,061	3,673	310	1999	12/11	30
Austin, TX	—	612	2,775	—	—	612	2,775	3,387	281	1999	12/11	30
Cedar Park, TX	—	536	1,914	—	—	536	1,914	2,450	194	1999	12/11	30
San Antonio, TX	—	411	2,555	—	—	411	2,555	2,966	259	1999	12/11	30
San Antonio, TX	—	603	2,048	—	—	603	2,048	2,651	208	1999	12/11	30
San Antonio, TX	—	517	2,670	—	—	517	2,670	3,187	271	1999	12/11	30
San Antonio, TX	—	632	1,991	—	—	632	1,991	2,623	202	2001	12/11	30

San Antonio, TX	—	469	2,727	—	—	469	2,727	3,196	276	1998	12/11	30
San Antonio, TX	—	947	2,535	—	—	947	2,535	3,482	257	1999	12/11	30
San Antonio, TX	—	909	1,359	—	—	909	1,359	2,268	138	1999	12/11	30
San Antonio, TX	—	631	2,851	—	—	631	2,851	3,482	289	1999	12/11	30
San Antonio, TX	—	766	1,474	—	—	766	1,474	2,240	149	1999	12/11	30
San Antonio, TX	—	412	2,010	—	—	412	2,010	2,422	204	1999	12/11	30
San Antonio, TX	—	985	3,253	—	—	985	3,253	4,238	330	1999	12/11	30
San Antonio, TX	—	679	2,937	—	—	679	2,937	3,616	298	1999	12/11	30
San Antonio, TX	—	919	2,344	—	—	919	2,344	3,263	204	2002	12/11	35
San Antonio, TX	—	545	3,148	—	—	545	3,148	3,693	319	1999	12/11	30
San Antonio, TX	—	899	2,593	—	—	899	2,593	3,492	225	2002	12/11	35
Universal City, TX	—	699	1,675	—	—	699	1,675	2,374	170	2001	12/11	30
Belpre, OH	—	408	759	—	—	408	759	1,167	14	1990	07/14	25
Charleston, WV	—	549	729	—	—	549	729	1,278	11	1995	07/14	30
Charleston, WV	—	689	974	—	—	689	974	1,663	15	1970	07/14	30
Clarksburg, WV	—	390	613	—	—	390	613	1,003	11	1978	07/14	25
Mannington, WV	—	218	745	—	—	218	745	963	11	1996	07/14	30
N. Belle Vernon, PA	—	438	1,165	—	—	438	1,165	1,603	21	1996	07/14	25
New Castle, PA	—	292	617	—	—	292	617	909	9	1983	07/14	30
Parkersburg, WV	—	298	782	—	—	298	782	1,080	14	1988	07/14	25
Parkersburg, WV	—	422	739	—	—	422	739	1,161	11	1985	07/14	30
Weston, WV	—	114	583	—	—	114	583	697	9	1995	07/14	30
Academy:												
Beaumont, TX (n)	—	1,424	2,449	—	—	1,424	2,449	3,873	967	1992	03/99	40
Houston, TX	—	2,311	1,628	—	—	2,311	1,628	3,939	643	1976	03/99	40
Franklin, TN	—	1,807	2,108	—	—	1,589	2,108	3,697	671	1999	06/05	30
Ace Hardware and Lighting:												

Bourbonnais, IL	—	298	1,329	—	—	298	1,329	1,627	478	1997	11/98		37
Advance Auto Parts:													
Miami, FL	—	867	—	1,035	—	867	1,035	1,902	247	2005	12/04	(g)	40
Richmond, VA	—	193	1,268	—	—	193	1,268	1,461	37	2008	02/14		30
Adventure Landing:													
Jacksonville Beach, FL	—	3,615	5,636	—	—	3,615	5,636	9,251	1,212	1995	04/11		30
Jacksonville, FL	—	721	861	—	—	721	861	1,582	265	1983	04/11		25

See accompanying report of independent registered public accounting firm.
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	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building, Improvements & Leasehold Interests	Costs Capitalized Subsequent to Acquisition: Improvements	Costs Capitalized Subsequent to Acquisition: Carrying Costs	Gross Amount at Which Carried at Close of Period (a) (b): Land	Gross Amount: Building, Improvements & Leasehold Interests	Gross Amount: Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Raleigh, NC	—	1,841	3,124	—	—	1,841	3,124	4,965	645	1989	04/11	25
St. Augustine, FL	—	797	289	—	—	797	289	1,086	130	1999	04/11	30
Tonawanda, NY	—	205	927	—	—	205	927	1,132	279	1991	04/11	25
Affordable Care:												
Asheville, NC	—	467	576	—	—	467	576	1,043	9	2005	07/14	30
Conover, NC	—	187	623	—	—	187	623	810	10	2002	07/14	30
Poland, OH	—	231	650	—	—	231	650	881	12	2001	07/14	25
Wilmington, NC	—	398	565	—	—	398	565	963	9	2002	07/14	30
Aldi:												
Cutler Bay, FL	—	989	1,479	205	—	989	1,684	2,673	709	1995	06/96	40
All Star Sports:												
Wichita, KS	—	1,551	965	152	—	1,551	1,117	2,668	194	1987	05/07	40
Wichita, KS	—	3,275	1,631	167	—	3,275	1,798	5,073	322	1988	05/07	40
Amazing Jake's:												
Plano, TX	—	5,705	17,049	18	—	5,705	17,067	22,772	3,147	1982	07/08	35
AMC Theatre:												
Bloomington, IN	—	2,338	4,000	—	—	2,338	4,000	6,338	1,167	1987	09/07	25
Brighton, CO	—	1,070	5,491	—	—	1,070	5,491	6,561	1,001	2005	09/07	40
Castle Rock, CO	—	2,905	5,002	—	—	2,905	5,002	7,907	912	2005	09/07	40
Evansville, IN	—	1,300	4,269	—	—	1,300	4,269	5,569	889	1999	09/07	35
	—	1,205	2,441	—	—	1,205	2,441	3,646	445	2003	09/07	40

Galesburg, IL												
Machesney Park, IL	—	3,018	8,770	—	—	3,018	8,770	11,788	1,599	2005	09/07	40
Michigan City, IN	—	1,996	8,422	—	—	1,996	8,422	10,418	1,535	2005	09/07	40
Muncie, IN	—	1,243	5,512	—	—	1,243	5,512	6,755	1,005	2005	09/07	40
Naperville, IL	—	6,141	11,624	—	—	6,141	11,624	17,765	2,119	2006	09/07	40
New Lenox, IL	—	6,778	10,980	—	—	6,778	10,980	17,758	2,002	2004	09/07	40
Chicago, IL	—	7,257	10,955	—	—	7,257	10,955	18,212	1,906	2007	01/08	40
Johnson Creek, WI	—	1,433	3,932	—	—	1,433	3,932	5,365	782	1997	01/08	35
Lake Delton, WI	—	2,063	8,366	—	—	2,063	8,366	10,429	1,663	1999	01/08	35

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	Initial Cost to Company			Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)					
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Quincy, IL	—	1,297	2,850	—	—	1,297	2,850	4,147	567	1982	01/08	35
Schererville, IN	—	6,619	14,225	—	—	6,619	14,225	20,844	3,299	1996	01/08	30
American Family Care:												
Mobile, AL	—	843	562	348	—	843	910	1,753	218	1997	12/01	40
Alcoa, TN	—	1,221	—	1,730	—	1,221	1,730	2,951	56	2013	12/12	(m) 40
Cullman, AL	—	541	—	1,517	—	541	1,517	2,058	46	2013	12/12	(m) 40
Decatur, AL	—	460	1,283	—	—	460	1,283	1,743	75	2010	12/12	35
Nashville, TN	—	377	—	1,403	—	377	1,403	1,780	37	2013	12/12	(m) 40
Pace, FL	—	738	—	1,459	—	738	1,459	2,197	44	2013	12/12	(m) 40
Woodstock, GA	—	563	—	1,653	—	563	1,653	2,216	36	2014	12/12	(m) 40
Fairhope, AL	—	(1)	1,929	—	—	(1)	1,929	1,929	90	2012	02/13	40
Dothan, AL	—	667	—	1,400	—	667	1,400	2,067	45	2013	02/13	(m) 40
Auburn, AL	—	663	—	1,835	—	663	1,835	2,498	48	2013	03/13	(m) 40
Milton, GA	—	577	1,526	—	—	577	1,526	2,103	68	2012	03/13	40
Roswell, GA	—	814	—	1,851	—	816	1,851	2,667	17	2014	04/13	(m) 40
Marietta, GA	—	432	—	1,846	—	432	1,846	2,278	40	2014	04/13	(m) 40
Mt. Juliet, TN	—	875	1,566	—	—	875	1,566	2,441	57	2013	07/13	40
Chattanooga, TN	—	469	—	1,626	—	469	1,626	2,095	36	2014	07/13	(m) 40
Columbus, GA	—	550	—	1,520	—	550	1,520	2,070	33	2014	07/13	(m) 40
Birmingham, AL	—	445	—	1,640	—	445	1,640	2,085	39	2005	08/13	(m) 40
Hendersonville, TN	—	660	1,640	—	—	660	1,640	2,300	46	2013	11/13	40
Calera, AL	—	606	—	1,673	—	606	1,673	2,279	19	2014	12/13	(m) 40
Spring Hill, TN	—	589	—	1,509	—	589	1,509	2,098	(q)	2014	02/14	(m) (q)
Athens, AL	—	497	—	1,527	—	497	1,527	2,024	(q)	2014	03/14	(m) (q)
Panama City Beach, FL	—	995	—	1,455	—	995	1,455	2,450	(q)	2014	04/14	(m) (q)
Gadsden, AL	—	527	—	1,265	—	527	1,265	1,792	(q)	2014	05/14	(m) (q)
Knoxville, TN	—	2,021	—	—	—	2,021	(e)	2,021	(e)	(e)	08/14	(m) (e)
	—	736	—	—	—	736	(e)	736	(e)	(e)	08/14	(m) (e)

Fort Oglethorpe, GA										
American Freight:										
Glen Allen, VA	—	889	1,948	—	—	889	1,948	2,837	905	1996	05/96	40

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
American Retail Service:												
Lincoln City, OR	—	1,099	1,560	—	—	1,099	1,560	2,659	127	1973	12/12	25
Salem, OR	—	433	1,627	735	—	433	2,362	2,795	131	1999	12/12	40
Yuma, AZ	—	1,118	1,878	—	—	1,118	1,878	2,996	153	1987	12/12	25
Amoco:												
Miami, FL	—	969	—	—	—	969	(i)	969	(i)	(i)	05/03	(i)
Sunrise, FL	—	949	—	—	—	949	(i)	949	(i)	(i)	06/03	(i)
Deerfield Beach, FL	—	770	274	26	—	770	300	1,070	63	1980	12/05	40
Amscot:												
Tampa, FL	—	1,160	352	—	—	1,160	352	1,512	81	1981	10/05	40
Orlando, FL	—	764	—	891	—	764	891	1,655	189	2006	12/05	40
Orlando, FL	—	664	1,011	—	—	664	983	1,647	205	2006	12/05 (g)	40
Orlando, FL	—	358	—	900	—	358	900	1,258	193	2006	02/06 (g)	40
Orlando, FL	—	546	—	872	—	546	872	1,418	191	2006	02/06 (g)	40
Clearwater, FL	—	456	332	—	—	456	332	788	69	1967	09/06	40
Applebee's:												
Ballwin, MO	—	1,496	1,404	—	—	1,496	1,404	2,900	458	1995	12/01	40
Cincinnati, OH	—	312	898	—	—	312	898	1,210	131	2002	08/10	30
Crestview Hills, KY	—	1,069	1,367	—	—	1,069	1,367	2,436	239	1993	08/10	25
Danville, KY	—	641	1,645	—	—	641	1,645	2,286	240	2003	08/10	30
Florence, KY	—	1,075	1,488	—	—	1,075	1,488	2,563	260	1988	08/10	25
Frankfort, KY	—	862	1,610	—	—	862	1,610	2,472	235	1993	08/10	30
Georgetown, KY	—	809	1,437	—	—	809	1,437	2,246	210	2001	08/10	30
Hilliard, OH	—	808	1,846	—	—	808	1,846	2,654	269	1998	08/10	30
Mason, OH	—	545	941	—	—	545	941	1,486	137	1997	08/10	30

Maysville, KY	—	513	1,387	—	—	513	1,387	1,900	173	2005	08/10	35
Nicholasville, KY	—	454	1,077	—	—	454	1,077	1,531	157	2000	08/10	30
Troy, OH	—	645	862	—	—	645	862	1,507	151	1996	08/10	25
Grove City, OH	—	511	1,415	—	—	511	1,415	1,926	198	1990	10/10	30
Kettering, OH	—	359	1,043	—	—	359	1,043	1,402	125	2005	10/10	35
Mesa, AZ	—	974	1,514	—	—	974	1,514	2,488	212	1992	10/10	30

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Mesa, AZ	—	748	1,734	—	—	748	1,734	2,482	243	1998	10/10	30
Mt. Sterling, KY	—	510	1,392	—	—	510	1,392	1,902	167	2000	10/10	35
Phoenix, AZ	—	781	1,456	—	—	781	1,456	2,237	204	1,995	10/10	30
Phoenix, AZ	—	458	1,099	—	—	458	1,099	1,557	132	2004	10/10	35
Angola, IN	—	478	1,533	—	—	478	1,533	2,011	20	2002	07/14	35
Arby's:												
Colorado Springs, CO	—	206	534	—	—	206	534	740	174	1998	12/01	40
Thomson, GA	—	268	504	—	—	268	504	772	164	1997	12/01	40
Washington Courthouse, OH	—	157	546	—	—	157	546	703	178	1998	12/01	40
Whitmore Lake, MI	—	171	469	—	—	171	469	640	153	1993	12/01	40
Indianapolis, IN	—	285	686	—	—	285	686	971	10	1998	07/14	30
Indianapolis, IN	—	456	830	—	—	456	830	1,286	11	2005	07/14	35
ARCO ampm:												
Casa Grande, AZ	—	2,340	1,894	83	—	2,340	1,905	4,245	366	1993	05/08	35
Gilbert, AZ	—	1,317	1,304	85	—	1,166	1,325	2,491	262	1996	05/08	35
Globe, AZ	—	762	2,148	114	—	762	2,180	2,942	429	1998	05/08	35
Mesa, AZ	—	1,332	1,367	92	—	1,156	1,385	2,541	315	1986	05/08	30
Mesa, AZ	—	2,219	2,140	89	—	2,219	2,170	4,389	375	2000	05/08	40
Prescott, AZ	—	1,266	1,261	118	—	1,266	1,294	2,560	262	1997	05/08	35
Scottsdale, AZ	—	1,529	1,373	240	—	1,529	1,451	2,980	315	1999	05/08	35
Sedona, AZ	—	1,281	1,324	107	—	1,281	1,345	2,626	234	2000	05/08	40
Tucson, AZ	—	1,105	1,336	111	—	1,105	1,358	2,463	269	1992	05/08	35
Tucson, AZ	—	1,457	1,619	125	—	1,457	1,651	3,108	329	1995	05/08	35
Tucson, AZ	—	1,083	1,599	86	—	1,083	1,620	2,703	318	1992	05/08	35

Tucson, AZ	—	1,223	1,911	102	—	1,223	1,932	3,155	377	1996	05/08		35
Soldotna, AK	—	180	891	—	—	180	891	1,071	16	1985	07/14		25
Ashley Furniture:													
Altamonte Springs, FL	—	2,906	4,877	315	—	2,906	5,192	8,098	2,219	1997	09/97		40
Florissant, MO	—	896	1,057	3,058	—	899	4,113	5,012	507	1996	04/03	(g)	40
Louisville, KY	—	1,667	4,989	—	—	1,667	4,989	6,656	1,221	2005	03/05		40

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
At Home:												
Douglasville, GA	—	1,588	3,916	—	—	1,588	3,916	5,504	498	1987	06/12	20
Humble, TX	—	3,559	5,046	—	—	3,559	5,046	8,605	513	2001	06/12	25
Noblesville, IN	—	1,870	4,241	—	—	1,870	4,241	6,111	539	1995	06/12	20
Sandston, VA	—	1,972	6,599	—	—	1,972	6,599	8,571	671	1996	06/12	25
Greensboro, NC	—	2,121	6,460	—	—	2,121	6,460	8,581	440	1998	12/12	30
Greenville, SC	—	1,892	5,404	—	—	1,892	5,404	7,296	81	1996	08/14	25
Hilliard, OH	—	1,747	4,642	—	—	1,747	4,642	6,389	48	1994	10/14	20
AT&T:												
Cincinnati, OH	—	297	443	347	—	312	775	1,087	225	1999	06/98	40
Babies R Us:												
Arlington, TX	—	831	2,612	—	—	831	2,612	3,443	1,209	1996	06/96	40
Independence, MO	—	1,679	2,302	115	—	1,679	2,417	4,096	776	1996	12/01	40
BankUnited:												
Orlando, FL	—	257	287	—	—	257	72	329	9	1988	07/92	30
Barnes & Noble:												
Brandon, FL	—	1,476	1,527	—	—	1,476	1,527	3,003	763	1995	08/94	(f) 40
Glendale, CO	—	3,245	2,722	—	—	3,245	2,722	5,967	1,378	1994	09/94	40
Houston, TX	—	3,308	2,396	—	—	3,308	2,396	5,704	1,153	1995	10/94	(f) 40
Plantation, FL	—	3,616	3,498	—	—	3,616	960	4,576	39	1996	05/95	(f) 30
Freehold, NJ (n)	—	2,917	2,261	—	—	2,917	2,261	5,178	1,069	1995	01/96	40
Dayton, OH	—	1,413	3,325	—	—	1,413	3,325	4,738	1,446	1996	05/97	40
Redding, CA	—	497	1,626	—	—	497	1,626	2,123	713	1997	06/97	40
Memphis, TN	—	1,574	2,242	—	—	1,574	2,242	3,816	612	1997	09/97	40
Marlton, NJ	—	2,831	4,319	—	—	2,709	4,319	7,028	1,741	1995	11/98	40

Batteries Plus Bulbs:											
Sunrise, FL	—	287	424	—	—	287	424	711	112	1979	05/04	40

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	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Bealls:												
Sarasota, FL	—	1,078	1,795	—	—	1,078	1,795	2,873	513	1996	09/97	40
Beautiful America Dry Cleaners:												
Orlando, FL	19 (h)	40	111	—	—	40	111	151	30	2001	02/04	40
Bed Bath & Beyond:												
Glen Allen, VA	—	1,184	2,843	179	—	1,184	3,021	4,205	920	1997	06/98	40
Glendale, AZ	—	1,082	—	2,758	—	1,082	2,758	3,840	1,066	1999	12/98 (g)	40
Midland, MI	—	231	—	2,705	—	231	2,705	2,936	550	2006	07/03	40
Colonie, NY	—	3,119	4,130	—	—	3,119	4,130	7,249	52	1967	08/14	30
Bell Carolina (Taco Bell):												
Fayetteville, NC	—	289	1,205	—	—	289	1,205	1,494	22	1998	06/14	30
Fayetteville, NC	—	607	1,135	—	—	607	1,135	1,742	25	1982	06/14	25
Fayetteville, NC	—	686	1,631	—	—	686	1,631	2,317	35	1992	06/14	25
Fayetteville, NC	—	269	1,771	—	—	269	1,771	2,040	38	1993	06/14	25
Fayetteville, NC	—	388	1,552	—	—	388	1,552	1,940	28	1996	06/14	30
Fayetteville, NC	—	448	1,334	—	—	448	1,334	1,782	24	1998	06/14	30
Fayetteville, NC	—	149	1,652	—	—	149	1,652	1,801	36	1988	06/14	25
Fayetteville, NC	—	497	1,691	—	—	497	1,691	2,188	31	2008	06/14	30
	—	298	1,989	—	—	298	1,989	2,287	36	2005	06/14	30

Fayetteville, NC													
Holly Ridge, NC	—	189	1,791	—	—	189	1,791	1,980	28	2012	06/14	35
Hope Mills, NC	—	438	2,138	—	—	438	2,138	2,576	46	1990	06/14	25
Jacksonville, NC	—	398	2,069	—	—	398	2,069	2,467	37	1994	06/14	30
Jacksonville, NC	—	428	2,327	—	—	428	2,327	2,755	50	1993	06/14	25
Jacksonville, NC	—	388	2,347	—	—	388	2,347	2,735	36	2007	06/14	35
Jacksonville, NC	—	577	1,304	—	—	577	1,304	1,881	20	2013	06/14	35
Leland, NC	—	289	1,205	—	—	289	1,205	1,494	19	2008	06/14	35
Lumberton, NC	—	368	2,208	—	—	368	2,208	2,576	40	2003	06/14	30
Midway Park, NC	—	467	2,069	—	—	467	2,069	2,536	45	1993	06/14	25
Pembroke, NC	—	438	1,095	—	—	438	1,095	1,533	20	2008	06/14	30
Saint Pauls, NC	—	419	767	—	—	419	767	1,186	14	2008	06/14	30

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	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Shallotte, NC	—	329	827	—	—	329	827	1,156	13	2011	06/14	35
Spring Lake, NC	—	408	2,009	—	—	408	2,009	2,417	31	2009	06/14	35
Whiteville, NC	—	179	1,315	—	—	179	1,315	1,494	20	2010	06/14	35
Wilmington, NC	—	547	1,423	—	—	547	1,423	1,970	22	2013	06/14	35
Wilmington, NC	—	239	1,463	—	—	239	1,463	1,702	23	2013	06/14	35
Wilmington, NC	—	587	2,277	—	—	587	2,277	2,864	35	2006	06/14	35
Best Buy:												
Brandon, FL	—	2,985	2,772	—	—	2,985	2,772	5,757	1,239	1996	02/97	40
Cuyahoga Falls, OH	—	3,709	2,359	—	—	3,709	2,359	6,068	1,035	1970	06/97	40
Rockville, MD	—	6,233	3,419	—	—	6,233	3,419	9,652	1,492	1995	07/97	40
Fairfax, VA	—	3,052	3,218	—	—	3,052	3,218	6,270	1,398	1995	08/97	40
St. Petersburg, FL	—	4,032	2,611	—	—	4,032	2,611	6,643	939	1997	09/97	35
North Fayette, PA	—	2,331	2,293	—	—	2,331	2,293	4,624	948	1997	06/98	40
Denver, CO	—	8,882	4,373	—	—	8,882	4,373	13,255	1,480	1991	06/01	40
Albuquerque, NM	—	2,157	3,132	—	—	2,157	3,132	5,289	412	1992	09/11	25
Arlington, TX	—	1,372	3,890	—	—	1,372	3,890	5,262	512	1991	09/11	25
Beaumont, TX	—	614	2,177	—	—	614	2,177	2,791	358	1992	09/11	20
Dallas, TX	—	906	—	—	—	906	(e)	906	(e)	1990	09/11	(e)
Fort Collins, CO	—	2,054	3,346	—	—	2,054	3,346	5,400	441	1992	09/11	25
Fort Worth, TX	—	687	2,177	—	—	687	2,177	2,864	239	1992	09/11	30
Houston, TX	—	1,409	3,095	—	—	1,409	3,095	4,504	340	1992	09/11	30
Matteson, IL	—	384	2,089	—	—	384	2,089	2,473	344	1992	09/11	20
Nashua, NH	—	1,028	7,052	—	—	1,028	7,052	8,080	774	1999	09/11	30
North Attleborough, MA	—	2,761	4,165	—	—	2,761	4,165	6,926	457	1999	09/11	30
	—	3,170	4,784	—	—	3,170	4,784	7,954	787	1965	09/11	20

Schaumburg, IL												
Virginia Beach, VA	—	3,140	4,276	—	—	3,140	4,276	7,416	469	1999	09/11	30
Big Lots:												
Dover, NJ	—	1,138	3,238	732	—	1,138	3,970	5,108	1,377	1995	11/98	40
BJ's Wholesale Club:												
Orlando, FL	1,466 (h)	3,271	8,627	367	—	3,271	8,979	12,250	2,443	2001	02/04	40
Attleboro, MA	—	4,988	26,364	—	—	4,988	26,364	31,352	2,893	1993	09/11	30
Fairfax, VA	—	6,792	14,941	—	—	6,792	14,941	21,733	1,639	1992	09/11	30
Hamilton, NJ	—	3,166	29,373	—	—	3,166	29,373	32,539	2,762	2002	09/11	35
Hialeah, FL	—	4,792	14,067	—	—	4,792	14,067	18,859	1,543	2000	09/11	30
Roxbury, NJ	—	3,040	16,168	—	—	3,040	16,168	19,208	2,129	1993	09/11	25
W. Hartford, CT	—	2,846	14,299	—	—	2,846	14,299	17,145	1,569	1996	09/11	30
Black Fox Beauty Supply:												
Corpus Christi, TX	—	125	137	195	—	125	332	457	115	1967	11/93	40
Blend Frozen Yogurt:												
Lapeer, MI	—	63	457	—	—	63	436	499	83	2007	10/05	40
BMW:												
Duluth, GA	—	4,434	4,080	6,559	—	4,504	10,639	15,143	2,499	1984	12/01	40
Bombones Sports Bar:												
Dallas, TX	—	1,138	1,025	—	—	1,138	1,025	2,163	334	1994	12/01	40
Bonefish:												
Mobile, AL	—	801	2,137	—	—	801	2,137	2,938	170	2006	03/12	35
Pensacola, FL	—	734	2,003	—	—	734	2,003	2,737	160	2004	03/12	35
Books-A-Million:												
Newark, DE	—	2,394	4,789	—	—	2,366	4,789	7,155	2,398	1994	12/94	40
Bangor, ME	—	1,547	2,487	—	—	1,547	2,487	4,034	1,152	1996	06/96	40
Borough of Abbottstown:												
Abbottstown, PA	—	55	200	—	—	55	200	255	45	2000	01/06	40
Boston Market:												
Geneva, IL	—	653	601	—	—	669	518	1,187	174	1996	12/01	40
	—	602	461	—	—	602	389	991	128	1996	12/01	40

N. Olmsted, OH												
Novi, MI	—	836	651	—	—	836	298	1,134	101	1995	12/01	40
BP:												
Jeannette, PA	—	79	235	—	—	79	235	314	4	1995	07/14	25
Buck's:												
St. Louis, MO	—	776	—	3,822	—	776	3,822	4,598	545	2009	12/07	(m)40
Glendale Heights, IL	—	1,662	—	—	—	1,662	(e)	1,662	(e)	(e)	03/14	(m)(e)
Buffalo Wild Wings:												
Michigan City, IN	—	163	492	—	—	163	492	655	160	1996	12/01	40
Bugaboo Creek:												
Rochester, NY	—	792	1,535	—	—	792	1,535	2,327	289	1995	06/07	40
Burger King:												
Colonial Heights, VA	—	662	610	—	—	662	610	1,272	199	1997	12/01	40
Burlington Coat Factory:												
Lacey, WA	—	2,777	7,082	3,388	—	2,777	10,471	13,248	3,165	1992	02/97	40
Buybacks Entertainment:												
Lafayette, LA	—	603	1,149	30	—	603	1,179	1,782	263	1999	12/05	40
C&C Gymnastics:												
Augusta, GA	—	177	674	—	—	177	674	851	220	1998	12/01	40
Caliber Collision:												
Alvin, TX	—	400	712	—	—	400	712	1,112	138	1984	02/11	20
Galveston, TX	—	361	789	—	—	361	789	1,150	153	1965	02/11	20
Houston, TX	—	348	1,731	—	—	348	1,731	2,079	268	1987	02/11	25
Copperas Cove, TX	—	269	1,436	—	—	269	1,436	1,705	121	1972	01/12	35
Killeen, TX	—	408	2,171	—	—	408	2,171	2,579	257	1986	01/12	25
Austin, TX	—	1,071	3,412	—	—	1,071	3,412	4,483	392	1975	02/12	25
Gilbert, AZ	—	474	1,543	—	—	474	1,543	2,017	135	2003	05/12	30
Spring, TX	—	913	2,307	—	—	913	2,307	3,220	195	2006	06/12	30

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	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired		
Real Estate Held for Investment the Company has Invested in Under Operating Leases:													
Tomball, TX	—	414	1,281	—	—	414	1,281	1,695	93	2009	06/12		35
Edmond, OK	—	472	1,437	—	—	472	1,437	1,909	86	1964	03/13		30
Camping World:													
Vacaville, CA	—	2,467	6,575	—	—	2,467	6,575	9,042	838	2008	07/10		35
North Little Rock, AR	—	1,198	3,348	2,237	—	1,280	5,513	6,793	465	2007	09/10	(o)	35
Strafford, MO	—	1,278	3,694	1,614	—	1,846	5,308	7,154	453	2007	09/10	(o)	35
Avondale, AZ	—	1,976	3,040	3,200	—	1,976	6,239	8,215	465	2009	05/11	(o)	35
Mesa, AZ	—	3,972	2,046	981	—	3,975	3,027	7,002	340	1983	05/11		25
Bowling Green, KY	—	584	2,481	—	—	584	2,481	3,065	245	2007	07/11		35
Council Bluffs, IA	—	2,013	2,806	—	—	2,013	2,806	4,819	277	2008	07/11		35
Roanoke, VA	—	2,046	5,050	—	—	2,046	5,050	7,096	499	2008	07/11		35
Golden, CO	—	5,516	—	6,544	—	6,446	6,544	12,990	443	2012	10/11	(m)	40
Belleville, MI	—	1,156	2,071	—	—	1,156	2,071	3,227	252	1986	12/11		25
Kissimmee, FL	—	1,578	2,783	—	—	1,578	2,783	4,361	339	1979	12/11		25
La Mirada, CA	—	3,593	911	—	—	3,577	907	4,484	92	1996	12/11		30
Myrtle Beach, SC	—	540	61	—	—	540	61	601	7	1976	12/11		25
Nashville, TN	—	1,155	1,034	5,665	—	3,626	4,235	7,861	309	1985	12/11	(o)	40
Valencia, CA	—	4,788	4,191	—	—	4,766	4,179	8,945	508	1980	12/11		25
Calera, AL	—	1,204	3,075	—	—	1,204	3,075	4,279	245	2008	03/12		35

Jacksonville, FL	—	2,343	2,679	—	—	1,289	2,679	3,968	299	1973	03/12		25
Louisville, TN	—	990	554	1,194	—	990	1,748	2,738	86	1977	03/12	(o)	40
Winter Garden, FL	—	1,173	3,178	—	—	1,173	3,178	4,351	296	1973	03/12		30
Cocoa, FL	—	1,194	1,876	—	—	1,194	1,876	3,070	154	1981	07/12		30
Dover, FL	—	2,431	9,658	—	—	2,431	9,658	12,089	447	2007	01/13		35
Grain Valley, MO	—	1,210	2,908	—	—	1,210	2,908	4,118	107	2003	09/13	(m)	35
Lubbock, TX	—	775	3,998	—	—	775	3,998	4,773	172	1997	09/13		30
Olive Branch, MS	—	3,163	—	3,907	—	3,163	3,907	7,070	(q)	2014	11/13	(m)	(q)
Cedar Falls, IA	—	1,924	3,810	—	—	1,924	3,810	5,734	101	2004	03/14	(m)	30
Carl's Jr.:													
Spokane, WA	—	471	530	—	—	471	530	1,001	173	1996	12/01		40
Chandler, AZ	—	729	644	—	—	729	644	1,373	307	1984	06/05		20
Tucson, AZ	—	681	536	103	—	681	639	1,320	609	1988	06/05		10

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)							Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired		
Real Estate Held for Investment the Company has Invested in Under Operating Leases:													
Carmike Cinemas:													
Fayetteville, NC	—	2,409	—	13,750	—	2,409	13,750	16,159	43	2014	11/13		40
Montgomery, AL	—	1,686	11,156	—	—	1,686	11,156	12,842	81	2014	09/14		40
Albuquerque, NM	—	1,474	—	—	—	1,474	(e)	1,474	(e)	(e)	11/14	(m)	(e)
CarQuest:													
Abbeville, LA	—	23	148	—	—	23	148	171	30	1970	12/10		20
Abbotsford, WI	—	56	163	—	—	56	163	219	26	1984	12/10		25
Aberdeen, SD (n)	—	71	329	—	—	71	329	400	66	1961	12/10		20
Addison, IL	—	76	314	—	—	76	314	390	51	1971	12/10		25
Alsip, IL	—	57	323	—	—	57	323	380	65	1972	12/10		20
Anaconda, MT	—	35	307	—	—	35	307	342	62	1965	12/10		20
Ann Arbor, MI	—	25	241	—	—	25	241	266	49	1970	12/10		20
Antigo, WI	—	96	294	—	—	96	294	390	40	1998	12/10		30
Appleton, WI (n)	—	85	438	—	—	85	438	523	59	1995	12/10		30
Arden, NC	—	42	281	—	—	42	281	323	45	1989	12/10		25
Baker, MT	—	12	140	—	—	12	140	152	28	1965	12/10		20
Bakersfield, CA	—	77	484	—	—	77	484	561	98	1945	12/10		20
Bangor, ME	—	51	339	—	—	51	339	390	55	1985	12/10		25
Bangor, ME (n)	—	53	356	—	—	53	356	409	96	1945	12/10		15
Bartlett, TN	—	40	293	—	—	40	293	333	47	1989	12/10		25
Bay City, MI	—	41	282	—	—	41	282	323	46	1989	12/10		25
Bay City, MI	—	106	521	—	—	106	521	627	140	1920	12/10		15
Bay City, MI	—	14	100	—	—	14	100	114	27	1942	12/10		15

Bellevue, NE	—	29	142	—	—	29	142	171	29	1965	12/10	20
Bend, OR	—	125	245	—	—	125	245	370	66	1935	12/10	15
Biddeford, ME	—	60	320	—	—	60	320	380	65	1968	12/10	20
Billings, MT	—	31	188	—	—	31	188	219	30	1970	12/10	25
Bismarck, ND	—	25	136	—	—	25	136	161	22	1985	12/10	25
Bozeman, MT	—	28	257	—	—	28	257	285	52	1964	12/10	20
Brunswick, ME	—	41	254	—	—	41	254	295	41	1985	12/10	25
Bucksport, ME	—	19	114	—	—	19	114	133	23	1976	12/10	20
Burlington, NC	—	47	229	—	—	47	229	276	31	1994	12/10	30
Carol Stream, IL	—	103	515	—	—	103	515	618	104	1960	12/10	20

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Chicago, IL	—	83	383	—	—	83	383	466	62	1987	12/10	25
Chippewa Falls, WI	—	33	328	—	—	33	328	361	44	1996	12/10	30
Cody, WY (n)	—	146	253	—	—	96	253	349	34	1999	12/10	30
Colstrip, MT	—	39	275	—	—	39	275	314	44	1981	12/10	25
Connersville, IN	—	28	171	—	—	28	171	199	46	1920	12/10	15
Corapolis, PA (n)	—	74	316	—	—	74	316	390	64	1980	12/10	20
Cut Bank, MT	—	9	115	—	—	9	115	124	23	1937	12/10	20
Devils Lake, ND	—	38	276	—	—	38	276	314	37	1999	12/10	30
Dillon, MT	—	24	204	—	—	24	204	228	41	1973	12/10	20
Dodge City, KS (n)	—	43	166	—	—	43	166	209	45	1948	12/10	15
Eau Claire, WI	—	33	204	—	—	33	204	237	41	1956	12/10	20
Elgin, IL	—	88	311	—	—	88	311	399	63	1965	12/10	20
Enterprise, AL	—	25	184	—	—	25	184	209	30	1988	12/10	25
Escanaba, MI	—	40	283	—	—	40	283	323	46	1982	12/10	25
Evansville, IN	—	60	301	—	—	60	301	361	49	1980	12/10	25
Fairbanks, AK	—	292	545	—	—	292	545	837	63	2003	12/10	35
Gainesville, FL (n)	—	47	362	—	—	47	362	409	97	1957	12/10	15
Glasgow, MT	—	48	275	—	—	48	275	323	56	1972	12/10	20
Great Falls, MT	—	17	173	—	—	17	173	190	35	1967	12/10	20
Greenville, OH	—	63	193	—	—	63	193	256	52	1910	12/10	15

Hamilton, MT	—	24	242	—	—	24	242	266	39	1991	12/10	25
Harlem, MT	—	17	116	—	—	17	116	133	19	1983	12/10	25
Hayward, WI	—	57	333	—	—	57	333	390	54	1980	12/10	25
Helena, MT	—	31	282	—	—	31	282	313	46	1987	12/10	25
Houlton, ME	—	38	219	—	—	38	219	257	89	1915	12/10	10
Irving, TX	—	182	208	—	—	182	208	390	42	1984	12/10	20
Kalispell, MT (n)	—	59	645	—	—	59	645	704	87	1998	12/10	30
Kennedale, TX	—	88	283	—	—	88	283	371	57	1959	12/10	20
Lafayette, LA	—	51	357	—	—	51	357	408	48	1996	12/10	30
Laurel, MS	—	74	202	—	—	74	202	276	54	1959	12/10	15
Lewistown, MT	—	19	180	—	—	19	180	199	29	1964	12/10	25
Livingston, MT	—	34	261	—	—	34	261	295	53	1976	12/10	20

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Lufkin, TX (n)	—	94	229	—	—	94	229	323	46	1986	12/10	20
Madison, TN	—	78	179	—	—	78	179	257	29	1988	12/10	25
Madison, WI	—	57	409	—	—	57	409	466	66	1973	12/10	25
Malta, MT	—	19	181	—	—	19	181	200	29	1976	12/10	25
Marshfield, WI	—	60	282	—	—	60	282	342	57	1940	12/10	20
Medford, WI	—	37	229	—	—	37	229	266	37	1988	12/10	25
Memphis, TN	—	38	199	—	—	38	199	237	32	1987	12/10	25
Metamora, IL	—	69	292	—	—	69	292	361	39	1996	12/10	30
Midland, MI	—	44	336	—	—	44	336	380	45	1986	12/10	30
Midland, TX	—	36	212	—	—	36	212	248	57	1960	12/10	15
Montello, WI	—	26	173	—	—	26	173	199	23	1997	12/10	30
Muskegon, MI	—	38	257	—	—	38	257	295	35	1990	12/10	30
Neillsville, WI	—	26	145	—	—	26	145	171	23	1979	12/10	25
Nicholasville, KY	—	54	241	—	—	54	241	295	39	1988	12/10	25
Ocala, FL	—	78	416	—	—	78	416	494	112	1971	12/10	15
Olathe, KS	—	78	235	—	—	78	235	313	63	1950	12/10	15
Oshkosh, WI	—	99	224	—	—	99	224	323	30	1999	12/10	30
Overland, MO	—	68	370	—	—	68	370	438	75	1961	12/10	20
Owosso, MI	—	50	264	—	—	50	264	314	43	1986	12/10	25
Pearl, MS	—	43	195	—	—	43	195	238	26	1989	12/10	30
Phillips, WI	—	23	177	—	—	23	177	200	24	1992	12/10	30
Powell, WY	—	37	182	—	—	37	182	219	29	1978	12/10	25
Rhinelander, WI	—	28	115	—	—	28	115	143	23	1958	12/10	20
River Falls, WI	—	42	234	—	—	42	234	276	47	1976	12/10	20
Riverton, WY	—	99	300	—	—	99	300	399	49	1978	12/10	25
Rockford, IL	—	61	376	—	—	61	376	437	61	1962	12/10	25
Roundup, MT	—	23	205	—	—	23	205	228	41	1972	12/10	20
Schofield, WI	—	41	425	—	—	41	425	466	86	1968	12/10	20
	—	77	370	—	—	77	370	447	43	2007	12/10	35

Sheboygan, WI												
Shelby, MT	—	20	208	—	—	20	208	228	42	1976	12/10	20
Shelbyville, KY	—	52	224	—	—	52	224	276	36	1982	12/10	25
Sidney, MT (n)	—	42	395	—	—	42	395	437	80	1962	12/10	20
Spartanburg, SC	—	53	252	—	—	53	252	305	41	1972	12/10	25
Spokane, WA	—	66	201	—	—	66	201	267	41	1965	12/10	20
Spokane, WA	—	93	373	—	—	93	373	466	75	1972	12/10	20
St. Peter, MN	—	17	259	—	—	17	259	276	35	1999	12/10	30
Stayton, OR	—	88	312	—	—	88	312	400	42	1994	12/10	30
Stevens Point, WI (n)	—	61	405	—	—	61	405	466	65	1975	12/10	25
Sulphur, LA	—	31	216	—	—	31	216	247	44	1984	12/10	20
Thornton, CO	—	414	536	—	—	414	536	950	72	1996	12/10	30
Troy, AL	—	15	52	—	—	15	52	67	14	1966	12/10	15
Wasilla, AK	—	227	504	—	—	227	504	731	58	2002	12/10	35
Wausau, WI	—	52	300	—	—	52	300	352	48	1989	12/10	25
Wautoma, WI	—	18	106	—	—	18	106	124	21	1959	12/10	20
Waynesboro, MS	—	15	71	—	—	15	71	86	19	1962	12/10	15
West Columbia, SC	—	41	159	—	—	41	159	200	32	1962	12/10	20
West Memphis, AR	—	58	294	—	—	58	294	352	48	1987	12/10	25
Whitefish, MT	—	30	227	—	—	30	227	257	31	1993	12/10	30
Williston, ND	—	35	297	—	—	35	297	332	40	1999	12/10	30
Windom, MN	—	5	137	—	—	5	137	142	28	1950	12/10	20
Wisconsin Rapids, WI	—	41	215	—	—	41	215	256	43	1975	12/10	20
Yakima, WA	—	50	321	—	—	50	321	371	65	1965	12/10	20
Aurora, IL	—	641	226	—	—	641	226	867	44	1971	02/11	20
Benton Harbor, MI	—	207	160	—	—	207	160	367	31	1978	02/11	20
Caro, MI	—	85	132	—	—	85	132	217	51	1941	02/11	10
Eagle River, WI	—	99	52	—	—	99	52	151	10	1978	02/11	20
Essexville, MI	—	113	113	—	—	113	113	226	22	1974	02/11	20
Lexington, KY	—	85	226	—	—	85	226	311	29	1991	02/11	30
Mt. Pleasant, MI	—	85	207	—	—	85	207	292	32	1984	02/11	25
Portland, ME	—	123	264	—	—	123	264	387	68	1951	02/11	15
Saginaw, MI	—	179	75	—	—	179	75	254	29	1955	02/11	10
Warrenton, VA	—	123	66	—	—	123	66	189	26	1939	02/11	10
Billings, MT	—	66	291	—	—	66	291	357	40	1994	07/11	25
Mobile, AL	—	75	197	—	—	75	197	272	34	1975	07/11	20

New Castle, IN	—	113	19	—	—	113	19	132	3	1991	07/11		25
Spokane, WA	—	75	56	—	—	75	56	131	10	1955	07/11		20
Chicago, IL	—	90	239	—	—	90	239	329	50	1949	11/11		15
Missoula, MT	—	99	367	—	—	99	367	466	57	1965	11/11		20
Sheridan, WY	—	198	385	—	—	198	385	583	60	1980	11/11		20
Sauk Centre, MN	—	64	85	—	—	64	85	149	11	1958	11/11		25
Watford City, ND	—	31	124	—	—	31	124	155	15	1974	11/11		25
Fairmont, MN	—	98	166	—	—	98	166	264	25	1978	01/12		20
Sycamore, IL	—	49	476	—	—	49	476	525	70	1924	01/12		20
Worland, WY	—	48	193	—	—	48	193	241	26	1949	04/12		20
Anchorage, AK	—	315	92	—	—	315	92	407	12	1971	06/12		20
Havre, MT	—	29	305	—	—	29	305	334	39	1964	06/12		20
Orchard Park, NY	—	353	—	725	—	267	725	992	22	2013	05/13	(m)	40
Morrisville, NC	—	127	332	—	—	127	332	459	22	1992	05/13		25
Salt Lake City, UT	—	571	697	—	—	571	697	1,268	57	1951	05/13		20
San Antonio, TX	—	137	361	—	—	137	361	498	29	1980	05/13		20
San Antonio, TX	—	87	719	—	—	87	719	806	47	1973	05/13		25
Jackson, MS	—	253	—	595	—	253	595	848	(q)	2013	06/13	(m)	(q)
Crestview, FL	—	158	463	—	—	158	463	621	20	2003	09/13		30
Depew, NY	—	309	—	846	—	309	846	1,155	(q)	2014	10/13	(m)	(q)
Sherman, TX	—	183	—	657	—	183	657	840	12	2005	01/14	(m)	35
Carrabba's:													
Canton, MI	—	685	1,687	—	—	685	1,687	2,372	157	2002	03/12		30
Cape Coral, FL	—	645	2,965	—	—	645	2,965	3,610	237	2005	03/12		35
Dallas, TX	—	672	1,078	—	—	672	1,078	1,750	100	2000	03/12		30
Gainesville, FL	—	922	1,944	—	—	922	1,944	2,866	181	2001	03/12		30
Jacksonville, FL	—	1,140	1,428	—	—	1,140	1,428	2,568	133	2001	03/12		30
Mason, OH	—	653	2,267	—	—	653	2,267	2,920	211	2000	03/12		30
Maumee, OH	—	525	2,684	—	—	525	2,684	3,209	250	2002	03/12		30
Mobile, AL	—	633	1,909	—	—	633	1,909	2,542	178	2001	03/12		30
Pensacola, FL	—	734	1,854	—	—	734	1,854	2,588	148	2003	03/12		35
Waldorf, MD	—	1,473	2,199	—	—	1,473	2,199	3,672	175	2007	03/12		35
Carvers:													
Centerville, OH	—	851	1,059	—	—	851	1,059	1,910	345	1986	12/01		40

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	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Building, Improvements & Leasehold Interests	Costs Capitalized Subsequent to Acquisition: Improvements	Costs Capitalized Subsequent to Acquisition: Carrying Costs	Gross Amount at Which Carried at Close of Period (a) (b): Land	Gross Amount at Which Carried at Close of Period (a) (b): Building, Improvements & Leasehold Interests	Gross Amount at Which Carried at Close of Period (a) (b): Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired		Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:													
Certified Auto Sales:													
Albuquerque, NM	—	1,113	—	1,443	—	1,113	1,443	2,556	338	2005	04/04	(f)	40
Chair King:													
Grapevine, TX	—	1,018	2,067	273	—	1,018	2,340	3,358	873	1998	06/98		40
Champps:													
Irving, TX	—	1,760	1,724	—	—	1,760	1,724	3,484	562	2000	12/01		40
Cheddar's Cafe:													
Baytown, TX	—	858	2,251	—	—	858	2,251	3,109	227	2010	12/10		40
West Monroe, LA	—	907	2,301	—	—	907	2,301	3,208	228	2010	01/11		40
Selma, TX	—	1,446	—	2,439	—	1,446	2,439	3,885	201	2011	03/11	(m)	40
Jonesboro, AR	—	1,206	—	2,459	—	1,206	2,459	3,665	192	2011	05/11	(m)	40
Hattiesburg, MS	—	1,203	—	—	—	1,196	(i)	1,196	(i)	(i)	11/11	(m)	(i)
Pleasant Prairie, WI	—	1,310	—	2,779	—	1,310	2,779	4,089	84	2013	04/13	(m)	40
Liberty, MO	—	1,313	—	3,140	—	1,313	3,140	4,453	75	2014	07/13	(m)	40
Chick-Fil-A:													
Ankeny, IA	—	662	—	—	—	662	(i)	662	(i)	(i)	06/05		(i)
Chili's:													
Camden, SC	—	627	1,888	—	—	627	1,888	2,515	439	2005	09/05		40
Milledgeville, GA	—	516	1,997	—	—	516	1,997	2,513	464	2005	09/05		40
Sumter, SC	—	800	1,717	—	—	800	1,717	2,517	388	2004	12/05		40
Hinesville, GA	—	921	1,898	—	—	921	1,898	2,819	374	2006	02/07		40
Albany, GA	—	615	—	1,984	—	615	1,984	2,599	358	2007	06/07	(m)	40

Statesboro, GA	—	703	—	1,888	—	703	1,888	2,591	336	2007	06/07	(m)40
Florence, SC	—	889	1,715	—	—	889	1,715	2,604	323	2007	06/07	40
Valdosta, GA	—	716	—	1,871	—	716	1,871	2,587	329	2007	07/07	(m)40
Tifton, GA	—	454	1,550	—	—	454	1,550	2,004	241	2008	06/08	40
Evans, GA	—	700	—	1,511	—	685	1,511	2,196	222	2009	10/08	(m)40
Jefferson City, MO	—	305	898	—	—	305	898	1,203	129	2003	12/09	35
Merriam, KS	—	853	981	—	—	853	981	1,834	165	1998	12/09	30

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Wichita, KS	—	420	623	—	—	420	623	1,043	105	1995	12/09	30
Hutchinson, KS	—	456	1,794	—	—	456	1,794	2,250	112	2004	02/13	30
Lexington, SC	—	630	1,620	—	—	630	1,620	2,250	87	2008	02/13	35
China 1:												
Cohoes, NY	—	16	87	6	—	16	93	109	25	1994	09/04	40
China Wok:												
Carlisle, PA	—	90	107	—	—	90	107	197	22	1988	01/06	40
Chipotle:												
Florissant, MO	—	50	59	170	—	50	228	278	28	2013	04/03 (g)	40
Chuck E. Cheese's:												
Mobile, AL	—	340	951	—	—	340	951	1,291	149	1981	11/11	20
Antioch, TN	—	459	1,738	—	—	459	1,738	2,197	53	1982	07/14	15
Huntsville, AL	—	382	1,182	—	—	382	1,182	1,564	27	1960	07/14	20
Saginaw, MI	—	489	1,203	—	—	489	1,203	1,692	28	1981	07/14	20
Albuquerque, NM	—	794	2,126	—	—	794	2,126	2,920	23	2003	08/14	35
Alexandria, LA	—	872	3,291	—	—	872	3,291	4,163	49	1983	08/14	25
Alpharetta, GA	—	2,027	1,743	—	—	2,027	1,743	3,770	22	2001	08/14	30
Atlanta, GA	—	1,313	1,656	—	—	1,313	1,656	2,969	25	1982	08/14	25
Austin, TX	—	852	4,024	—	—	852	4,024	4,876	50	2001	08/14	30
Batavia, IL	—	1,214	2,664	—	—	1,214	2,664	3,878	33	1999	08/14	30
Birmingham, AL	—	627	3,662	—	—	627	3,662	4,289	55	1982	08/14	25
Columbia, SC	—	509	2,655	—	—	509	2,655	3,164	33	1983	08/14	30
Conroe, TX	—	793	3,388	—	—	793	3,388	4,181	42	2001	08/14	30

Cordova, TN	—	1,195	3,055	—	—	1,195	3,055	4,250	38	2002	08/14	30
Denton, TX	—	833	1,245	—	—	833	1,245	2,078	13	2003	08/14	35
El Centro, CA	—	470	2,811	—	—	470	2,811	3,281	30	2005	08/14	35
Englewood, CO	—	911	3,056	—	—	911	3,056	3,967	38	1970	08/14	30
Foothill Ranch, CA	—	1,088	1,391	—	—	1,088	1,391	2,479	17	2003	08/14	30
Ft. Wayne, IN	—	686	3,232	—	—	686	3,232	3,918	40	1985	08/14	30
Garland, TX	—	1,224	2,302	—	—	1,224	2,302	3,526	25	2006	08/14	35
Grand Prairie, TX	—	1,380	4,983	—	—	1,380	4,983	6,363	62	2001	08/14	30

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Grapevine, TX	—	1,303	2,135	—	—	1,303	2,135	3,438	27	2002	08/14	30
Greenville, SC	—	764	3,554	—	—	764	3,554	4,318	53	1983	08/14	25
Hickory, NC	—	647	1,686	—	—	647	1,686	2,333	18	2002	08/14	35
Horn Lake, MS	—	960	3,388	—	—	960	3,388	4,348	36	2002	08/14	35
Jacksonville, FL	—	1,038	4,220	—	—	1,038	4,220	5,258	63	1981	08/14	25
Katy, TX	—	960	4,171	—	—	960	4,171	5,131	52	2002	08/14	30
Kennesaw, GA	—	1,332	3,818	—	—	1,332	3,818	5,150	48	1999	08/14	30
Killeen, TX	—	832	4,876	—	—	832	4,876	5,708	52	2004	08/14	35
Lake Charles, LA	—	853	1,539	—	—	853	1,539	2,392	19	2001	08/14	30
Littleton, CO	—	1,234	4,288	—	—	1,234	4,288	5,522	54	1994	08/14	30
Longview, TX	—	314	1,931	—	—	314	1,931	2,245	21	2004	08/14	35
Madison, WI	—	999	1,989	—	—	999	1,989	2,988	30	1982	08/14	25
Miamisburg, OH	—	607	4,416	—	—	607	4,416	5,023	66	1986	08/14	25
Midland, TX	—	588	2,537	—	—	588	2,537	3,125	32	2000	08/14	30
N. Richland Hills, TX	—	588	4,064	—	—	588	4,064	4,652	61	1982	08/14	25
Norcross, GA	—	1,077	2,703	—	—	1,077	2,703	3,780	41	1982	08/14	25
North Charleston, SC	—	1,449	3,319	—	—	1,449	3,319	4,768	41	2003	08/14	30
Oklahoma City, OK	—	499	3,203	—	—	499	3,203	3,702	48	1982	08/14	25
Olathe, KS	—	843	736	—	—	843	736	1,579	9	2002	08/14	30
Racine, WI	—	765	834	—	—	765	834	1,599	10	2000	08/14	30
	—	617	4,787	—	—	617	4,787	5,404	72	1983	08/14	25

Roanoke, TX												
San Antonio, TX	—	1,371	2,703	—	—	1,371	2,703	4,074	34	2001	08/14	30
San Antonio, TX	—	793	4,670	—	—	793	4,670	5,463	70	1990	08/14	25
Savannah, GA	—	1,469	2,634	—	—	1,469	2,634	4,103	40	1982	08/14	25
Sharonville, OH	—	696	1,597	—	—	696	1,597	2,293	24	1982	08/14	25
Sterling Heights, MI	—	725	2,322	—	—	725	2,322	3,047	29	1994	08/14	30
Sugarland, TX	—	1,107	3,134	—	—	1,107	3,134	4,241	39	2002	08/14	30
Topeka, KS	—	373	619	—	—	373	619	992	8	1990	08/14	30
Virginia Beach, VA	—	1,018	3,848	—	—	1,018	3,848	4,866	58	1984	08/14	25
Wichita Falls, TX	—	323	3,105	—	—	323	3,105	3,428	47	1982	08/14	25
Wichita, KS	—	862	2,850	—	—	862	2,850	3,712	36	1991	08/14	30
Yuma, AZ	—	471	668	—	—	471	668	1,139	7	2004	08/14	35

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Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Chuy's:												
Cincinnati, OH	—	1,165	1,322	—	—	1,165	1,322	2,487	61	1996	05/13	30
Cinemark:												
Draper, UT	—	1,523	—	4,487	—	1,523	4,487	6,010	407	2011	08/10	(m) 40
Fort Worth, TX	—	2,140	—	7,660	—	2,140	7,660	9,800	487	2012	08/11	(m) 40
Cincinnati, OH	—	1,334	—	10,206	—	1,334	10,206	11,540	351	2013	09/12	(m) 40
McCandless, PA	—	3,094	—	6,389	—	3,094	6,389	9,483	47	2014	09/13	(m) 40
Marina, CA	—	15	—	—	—	15	(e)	15	(e)	(e)	08/14	(m) (e)
Claim Jumper:												
Roseville, CA	—	1,557	2,014	—	—	1,557	2,014	3,571	657	2000	12/01	40
Tempe, AZ	—	2,531	2,921	—	—	2,531	2,921	5,452	952	2000	12/01	40
Clairton Mini Mart:												
Clairton, PA	—	215	701	—	—	215	701	916	251	1986	01/06	25
Continental Rental:												
Lapeer, MI	—	88	633	—	—	88	603	691	115	2007	10/05	40
Cool Crest:												
Independence, MO	—	1,838	1,534	75	—	1,838	1,609	3,447	297	1988	05/07	40
CORA Rehabilitation Clinics:												
Orlando, FL	38 (h)	80	221	—	—	80	221	301	60	2001	02/04	40

CTD Outdoor Adventures:												
Fort Worth, TX	—	1,652	2,018	—	—	1,652	2,018	3,670	498	2000	02/05	40
CVS:												
Lafayette, LA	—	968	—	—	—	968	(c)	968	(c)	1995	01/96	(c)
Fort Lauderdale, FL	—	3,165	3,319	190	—	3,165	3,509	6,674	1,275	1995	02/96	33
Midwest City, OK	—	673	1,103	—	—	673	1,103	1,776	519	1996	03/96	40
Pantego, TX	—	1,016	1,449	—	—	1,016	1,449	2,465	635	1997	06/97	40

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	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Arlington, TX	—	2,079	—	1,397	—	2,079	1,397	3,476	572	1998	11/97 (g)	40
Leavenworth, KS	—	726	—	1,331	—	726	1,331	2,057	550	1998	11/97 (g)	40
Lewisville, TX	—	789	—	1,335	—	789	1,335	2,124	544	1998	04/98 (g)	40
Forest Hill, TX	—	692	—	1,175	—	692	1,175	1,867	481	1998	04/98 (g)	40
Garland, TX	—	1,477	—	1,400	—	1,477	1,400	2,877	564	1998	06/98 (g)	40
Oklahoma City, OK	—	1,581	—	1,471	—	1,581	1,471	3,052	587	1999	08/98 (g)	40
Dallas, TX	—	2,618	—	2,571	—	2,618	2,571	5,189	720	2003	06/99 (g)	40
Gladstone, MO	—	1,851	—	1,740	—	1,851	1,740	3,591	625	2000	12/99 (g)	40
Dave & Buster's:												
Hilliard, OH	—	934	4,689	—	—	934	4,689	5,623	952	1998	11/06	40
Tulsa, OK	—	1,862	—	2,105	—	1,862	2,105	3,967	314	2009	04/08 (m)	40
Wauwatosa, WI	—	5,694	—	5,638	—	5,694	5,638	11,332	675	2010	12/08 (m)	40
Orlando, FL	—	8,114	—	4,224	—	8,114	4,224	12,338	365	2011	06/10 (m)	40
Oklahoma City, OK	—	3,156	—	4,870	—	3,156	4,870	8,026	360	2012	02/11 (m)	40
Dallas, TX	—	5,052	—	8,808	—	5,052	8,808	13,860	450	2012	03/12 (m)	40
Livonia, MI	—	2,116	—	7,758	—	2,116	7,758	9,874	202	2013	04/13 (m)	40
Euless, TX	—	2,592	—	—	—	2,592	(e)	2,592	(e)	(e)	08/14 (m)	(e)
DaVita Dialysis:												
Columbus, OH	—	527	1,426	—	—	527	1,426	1,953	22	2000	07/14	30
Del Frisco's:												
Fort Worth, TX	—	351	5,874	—	—	351	5,874	6,225	1,163	1890	01/11	20

Greenwood Village, CO	—	1,863	5,649	—	—	1,863	5,649	7,512	1,118	1979	01/11	20
Denny's:												
Clifton, CO	—	245	732	375	—	245	1,107	1,352	279	1998	12/01	40
Columbus, TX	—	428	817	—	—	428	817	1,245	266	1997	12/01	40
Alexandria, VA	—	604	196	—	—	604	196	800	81	1981	09/06	20
Amarillo, TX	—	590	632	—	—	590	632	1,222	262	1982	09/06	20
Arlington Heights, IL	—	470	228	—	—	470	228	698	94	1977	09/06	20
Austintown, OH	—	466	397	—	—	466	397	863	165	1980	09/06	20
Boardman Township, OH	—	497	258	—	—	497	258	755	107	1977	09/06	20

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Campbell, CA	—	460	238	—	—	460	238	698	99	1976	09/06	20
Carson, CA	—	1,246	157	—	—	1,246	157	1,403	65	1975	09/06	20
Chehalis, WA	—	415	287	—	—	415	287	702	119	1977	09/06	20
Chubbuck, ID	—	350	394	—	—	344	394	738	163	1983	09/06	20
Clackamas, OR	—	468	407	—	—	468	407	875	169	1993	09/06	20
Collinsville, IL	—	676	283	—	—	676	283	959	117	1979	09/06	20
Colorado Springs, CO	—	321	377	—	—	321	377	698	156	1984	09/06	20
Colorado Springs, CO	—	585	390	—	—	585	390	975	162	1978	09/06	20
Corpus Christi, TX	—	345	776	300	—	345	1,076	1,421	417	1980	09/06	20
Dallas, TX	—	497	150	—	—	497	150	647	62	1979	09/06	20
Enfield, CT	—	684	229	—	—	684	229	913	95	1976	09/06	20
Fairfax, VA	—	768	683	—	—	768	683	1,451	283	1979	09/06	20
Federal Way, WA	—	543	193	—	—	543	193	736	80	1977	09/06	20
Florissant, MO	—	443	238	—	—	443	238	681	99	1977	09/06	20
Fort Worth, TX	—	392	314	—	—	392	314	706	130	1974	09/06	20
Hermitage, PA	—	321	420	—	—	321	420	741	174	1980	09/06	20
Hialeah, FL	—	432	175	—	—	432	175	607	73	1978	09/06	20
Houston, TX	—	504	348	—	—	504	348	852	144	1976	09/06	20
Indianapolis, IN	—	231	511	—	—	231	511	742	212	1974	09/06	20
Indianapolis, IN	—	326	511	—	—	326	511	837	212	1978	09/06	20
	—	310	590	—	—	310	590	900	244	1981	09/06	20

Indianapolis, IN												
Indianapolis, IN	—	358	767	—	—	358	767	1,125	318	1978	09/06	20
Kernersville, NC	—	407	557	—	—	407	557	964	231	2000	09/06	20
Lafayette, IN	—	424	773	—	—	416	773	1,189	321	1978	09/06	20
Laurel, MD	—	528	379	—	—	528	379	907	157	1976	09/06	20
Little Rock, AR	—	703	180	—	—	703	180	883	75	1979	09/06	20
Maplewood, MN	—	630	271	—	—	630	271	901	112	1983	09/06	20
Merriville, IN	—	368	813	—	—	368	813	1,181	337	1976	09/06	20
N. Miami, FL	—	855	151	—	—	855	151	1,006	63	1977	09/06	20
Nampa, ID	—	357	729	—	—	357	729	1,086	302	1979	09/06	20
North Richland Hills, TX	—	500	130	—	—	500	130	630	54	1970	09/06	20
Omaha, NE	—	496	314	—	—	496	314	810	130	1994	09/06	20
Pompano Beach, FL	—	436	394	—	—	436	394	830	163	1976	09/06	20
Portland, OR	—	764	161	—	—	764	161	925	67	1977	09/06	20

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		Initial Cost to Company		Costs Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period (a) (b)						Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Provo, UT	—	519	216	—	—	519	216	735	90	1978	09/06	20
Pueblo, CO	—	475	302	—	—	475	302	777	125	1980	09/06	20
Raleigh, NC	—	1,094	482	—	—	1,094	482	1,576	200	1984	09/06	20
St. Louis, MO	—	520	266	—	—	520	266	786	110	1973	09/06	20
Sugarland, TX	—	315	334	—	—	315	334	649	138	1997	09/06	20
Tacoma, WA	—	580	201	—	—	575	201	776	83	1984	09/06	20
Tucson, AZ	—	922	290	—	—	922	290	1,212	120	1979	09/06	20
Wethersfield, CT	—	884	176	—	—	884	176	1,060	73	1978	09/06	20
Worcester, MA	—	383	493	—	—	383	493	876	204	1978	09/06	20
Boise, ID	—	514	477	—	—	514	477	991	192	1983	12/06	20
St. Louis, MO	—	635	303	—	—	635	303	938	121	1980	01/07	20
Virginia Gardens, FL	—	793	133	—	—	793	133	926	53	1977	01/07	20
Akron, OH	—	308	1,062	—	—	308	1,062	1,370	55	1992	06/13	30
Diamond Communication:												
Lapeer, MI	—	37	264	—	—	37	251	288	48	2007	10/05	40
Dickey's Barbeque Pit:												
Medina, OH	—	405	464	104	—	405	568	973	161	1996	12/01	40
Dick's Sporting Goods:												
Taylor, MI	—	1,920	3,527	—	—	1,920	3,527	5,447	1,613	1996	08/96	40
White Marsh, MD	—	2,681	3,917	—	—	2,681	3,917	6,598	1,792	1996	08/96	40
Dollar General:												
San Antonio, TX	—	441	784	—	—	441	196	637	7	1993	12/93	30
Memphis, TN	—	266	1,136	46	—	266	1,182	1,448	449	1998	12/97	40
	—	409	—	1,072	—	432	1,072	1,504	111	2010	07/10 (m)	40

High Springs, FL												
Inverness, FL	—	459	—	1,046	—	471	1,046	1,517	104	2011	08/10	(m)40
Cocoa, FL	—	385	—	935	—	406	935	1,341	96	2010	08/10	(m)40
Palm Bay, FL	—	355	—	1,011	—	365	1,011	1,376	102	2010	08/10	(m)40
Deland, FL	—	585	—	958	—	585	958	1,543	93	2010	11/10	(m)40
Seffner, FL	—	673	—	1,223	—	655	1,223	1,878	118	2011	12/10	(m)40
Hernando, FL	—	372	—	970	—	372	970	1,342	90	2011	01/11	(m)40
Titusville, FL	—	512	—	1,002	—	512	1,002	1,514	85	2011	04/11	(m)40
Bunnlevel, NC	—	106	—	737	—	106	737	843	59	2011	08/11	(m)40
Disputanta, VA	—	170	—	720	—	170	720	890	59	2011	09/11	(m)40
Lumberton, NC	—	115	—	902	—	115	902	1,017	67	2012	10/11	(m)40
Newport News, VA	—	363	—	967	—	363	967	1,330	76	2011	10/11	(m)40
Cumberland, VA	—	317	—	1,147	—	317	1,147	1,464	80	2012	12/11	(m)40
Aberdeen, NC	—	156	—	821	—	156	821	977	56	2012	01/12	(m)40
Richmond, VA	—	144	—	863	—	144	863	1,007	53	2012	02/12	(m)40
Danville, VA	—	155	—	864	—	155	864	1,019	57	2012	03/12	(m)40
Cascade, VA	—	139	—	806	—	139	806	945	51	2012	03/12	(m)40
Sanford, NC	—	147	—	834	—	147	834	981	50	2012	04/12	(m)40
Leland, NC	—	245	—	892	—	245	892	1,137	49	2012	06/12	(m)40
Sanford, NC	—	206	—	829	—	206	829	1,035	46	2012	07/12	(m)40
Richmond, VA	—	305	—	902	—	305	902	1,207	48	2012	08/12	(m)40
Stead, NV	—	234	—	1,464	—	234	1,464	1,698	75	2012	08/12	(m)40
Martinsville, VA	—	165	—	831	—	165	831	996	42	2012	09/12	(m)40
Yerington, NV	—	313	—	1,170	—	313	1,170	1,483	57	2013	09/12	(m)40
Ridgeway, VA	—	271	—	935	—	271	935	1,206	42	2013	11/12	(m)40
Hawthorne, NV	—	210	1,069	—	—	210	1,069	1,279	55	2012	12/12	40
Sun Valley, NV	—	439	—	1,438	—	439	1,438	1,877	58	2013	01/13	(m)40
Norfolk, VA	—	455	—	929	—	455	929	1,384	36	2013	03/13	(m)40
Suffolk, VA	—	186	—	958	—	186	958	1,144	37	2013	03/13	(m)40
Suffolk, VA	—	128	—	1,010	—	128	1,010	1,138	35	2013	04/13	(m)40
Irving, NY	—	210	—	961	—	210	961	1,171	29	2013	06/13	(m)40
Oakfield, NY	—	257	—	1,108	—	271	1,108	1,379	20	2014	10/13	(m)40
Holland, NY	—	176	—	1,103	—	176	1,103	1,279	13	2014	12/13	(m)40
Jeffersonville, IN	—	115	960	—	—	115	960	1,075	24	2010	02/14	35
LaFayette, LA	—	157	378	—	—	157	378	535	7	2002	07/14	25
Youngsville, LA	—	98	370	—	—	98	370	468	7	2002	07/14	25
Dollar Tree:												
Garland, TX	—	239	626	—	—	239	626	865	211	1994	02/94	40

Copperas Cove, TX	—242	512	194	—242	706	948	272	1972	11/98		40
Marietta, GA	—525	—	—	—525	(e)	525	(e)	(e)	12/14	(m)	(e)
Don Tello's Tex-Mex Grill:											
Lithonia, GA	—923	1,276	16	—923	1,293	2,216	241	2002	06/07		40
Dr. Clean Dry Cleaners:											
Monticello, NY	—20	72	—	—20	72	92	18	1996	03/05		40
Eagle Tax Center:											
Hollywood, FL	—203	46	19	—124	—	124	—	1960	12/05		15
Ecotech Institute:											
Aurora, CO	—5,076	13,874	5,663	—5,041	19,537	24,578	3,292	1986	04/07		40
Austin, TX	—2,291	1,770	4,999	—2,291	6,769	9,060	460	1996	12/11		35
Empire Buffet:											
Las Cruces, NM	—947	—	2,286	—947	2,286	3,233	461	2006	01/06	(m)	40
Encore at Crosswoods:											
Columbus, OH	—1,032	1,107	—	—1,032	1,107	2,139	361	1998	12/01		40
Express Mart:											
Thomasville, NC	—140	228	—	—140	228	368	5	1962	07/14		20
Express Oil Change:											
Birmingham, AL	—470	695	—	—470	695	1,165	118	2008	02/08	(f)	40
Florence, AL	—110	381	—	—110	381	491	87	1987	02/08		30
Helena, AL	—363	628	—	—363	628	991	108	1998	02/08		40
Muscle Shoals, AL	—168	624	—	—168	624	792	143	1985	02/08		30
Opelika, AL	—547	680	—	—547	680	1,227	117	2006	02/08		40
Cordova, TN	—639	785	—	—639	785	1,424	119	2000	12/08		40
Horn Lake, MS	—326	611	—	—326	611	937	105	1998	12/08		35
Lakeland, TN	—186	489	—	—186	489	675	74	2000	12/08		40
Memphis, TN	—402	721	—	—402	721	1,123	109	2001	12/08		40
Houston, TX	—651	—	648	—543	648	1,191	40	2012	02/12	(m)	40
Katy, TX	—539	—	830	—539	829	1,368	42	2012	07/12	(m)	40

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	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	Life on Which Depreciation & Amortization in Latest Income Statement is Computed (Years)
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Chattanooga, TN	—	224	173	—	—	224	173	397	13	2001	10/12	30
Chattanooga, TN	—	239	1,214	—	—	239	1,214	1,453	89	1998	10/12	30
Chattanooga, TN	—	238	1,756	—	—	238	1,756	1,994	129	1998	10/12	30
Cleveland, TN	—	318	1,064	—	—	318	1,064	1,382	67	2004	10/12	35
Fort Oglethorpe, GA	—	241	331	—	—	241	331	572	21	2003	10/12	35
Marietta, GA	—	618	30	—	—	618	30	648	2	1988	12/12	30
Smyrna, GA	—	295	1,092	—	—	295	1,092	1,387	89	1984	12/12	25
Missouri City, TX	—	606	—	860	—	606	860	1,466	12	2014	01/14 (m)	40
Houston, TX	—	550	—	—	—	550	(e)	550	(e)	(e)	05/14 (m)	(e)
Fallas Paredes:												
Arlington, TX	—	318	1,680	242	—	318	1,923	2,241	1,302	1996	06/96	38
Family Dollar:												
Albany, NY	—	34	824	—	—	34	824	858	212	1992	09/04	40
Cohoes, NY	—	140	753	49	—	140	802	942	219	1994	09/04	40
Hudson Falls, NY	—	51	380	625	—	187	869	1,056	112	1993	09/04	40
Monticello, NY	—	96	352	—	—	96	352	448	86	1996	03/05	40
Richmond, TX	—	366	1,059	—	—	366	1,059	1,425	26	2012	02/14	35
Spring, TX	—	199	1,152	—	—	199	1,152	1,351	29	2012	02/14	35
Bartlesville, OK	—	110	445	—	—	110	445	555	8	2001	07/14	25
Huntsville, AL	—	141	596	—	—	141	596	737	9	2005	07/14	30

Tulsa, OK	—	70	519	—	—	70	519	589	10	2001	07/14	25
Famous Footwear:												
Lapeer, MI	—	163	835	—	—	163	812	975	150	2007	10/05	40
Fantastic Sams:												
Eden Prairie, MN	—	65	181	81	—	65	261	326	83	1997	12/01	40
Ferguson:												
Destin, FL	—	554	1,012	253	—	554	1,265	1,819	238	2006	03/07	40
Union City, GA	—	144	1,260	—	—	144	1,260	1,404	131	2010	05/11	35

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	Encumbrances	Land	Building, Improvements & Leasehold Interests	Improvements	Carrying Costs	Land	Building, Improvements & Leasehold Interests	Total	Accumulated Depreciation and Amortization	Date of Construction	Date Acquired	
Real Estate Held for Investment the Company has Invested in Under Operating Leases:												
Fikes Wholesale:												
Belton, TX	—	722	1,814	—	—	722	1,814	2,536	175	2007	08/11	35
Godley, TX	—	1,453	2,084	—	—	1,453	2,084	3,537	201	2008	08/11	35
Killeen, TX	—	1,302	2,514	—	—	1,302	2,514	3,816	242	2008	08/11	35
Killeen, TX	—	1,053	833	—	—	1,053	833	1,886	80	2007	08/11	35
McGregor, TX	—	511	1,484	—	—	511	1,484	1,995	143	2006	08/11	35
Thorndale, TX	—	331	984	—	—	331	984	1,315	95	2007	08/11	35
Valley Mills, TX	—	711	2,114	—	—	711	2,114	2,825	204	2006	08/11	35
West, TX	—	402	864	—	—	402	864	1,266	97	1999	08/11	30
Gladewater, TX	—	145	2,107	—	—	145	2,107	2,252	18	2007	09/14	35
Hearne, TX	—	68	2,184	—	—	68	2,184	2,252	21	1996	09/14	30
Jarrell, TX	—	541	2,965	—	—	541	2,965	3,506	25	2009	09/14	35
Killeen, TX	—	628	2,878	—	—	628	2,878	3,506	24	2013	09/14	35
Liberty Hill, TX	—	203	3,303	—	—	203	3,303	3,506	28	2013	09/14	35
Rosebud, TX	—	58	1,847	—	—	58	1,847	1,905	15	2012	09/14	35
Temple, TX (n)	—	1,052	3,302	—	—	1,052	3,302	4,354	28	2012	09/14	35
Waco, TX	—	1,400	2,106	—	—	1,400	2,106	3,506	20	1997	09/14	30
First Cash Pawn:												
Alice, TX	—	318	578	—	—	318	578	896	189	1995	12/01	40
Five Below:												
Florissant, MO	—	249	294	849	—	250	1,142	1,392	141	1996	04/03 (g)	40
Five Guys Burgers and												

Fries:												
Middleburg Heights, OH	—	497	260	250	—	497	510	1,007	137	1976	09/06	20
Flash Markets:												
Lebanon, TN	—	582	—	2,063	—	582	2,063	2,645	355	2007	03/07	(m) 40
Fleming's:												
Akron, OH	—	475	3,140	—	—	475	3,140	3,615	250	2005	03/12	35